

There being no objections, the Committee was called back to order at 11:42 a.m., and proceeded as follows:

**Office of the Mayor (including Boards & Commissions and Life's Choices Kaua'i)**

Honorable Tim Bynum  
Honorable Mason K. Chock, Sr.  
Honorable Gary L. Hooser  
Honorable Mel Rapozo  
Honorable JoAnn A. Yukimura  
Honorable Jay Furfaro, Council Chair

Excused: Honorable Ross Kagawa

NADINE K. NAKAMURA, Managing Director: Good morning Chair, members.

Chair Furfaro: Good morning.

Ms. Nakamura: I am going to present the budget presentation for the Office of the Mayor. So I just wanted to start off with the vision, the *Holo Holo* 2020 vision, which is an island that is sustainable, values our native culture, has a thriving and healthy economy, cares for all from *keiki* to *kupuna* and has a responsible and user-friendly local government. This is also balanced by the General Plan 2020 vision, which was adopted by the County Council at the time that included some of the vision elements of caring for our lands, water and culture, preserving our rural character, supporting a strong and diversified economy, enhancing our towns and communities, building, and maintaining and improving public facilities and services. Since then, since the adoption of the General Plan, the County Council has also adopted additional plans, adopted different visions, including increasing solid waste diversion through reduce, reuse, and recycling, providing multi-modal transportation alternatives, promoting renewable energy and reducing our reliance on fossil fuel, and adopting a range of affordable housing opportunities. So it is really within the context of this larger vision that the Office of the Mayor is helping to direct the vision and...by managing executive Departments, Offices, and Agencies. We also serve as a liaison between the Administration and the County Council. We facilitate State and Federal legislative agendas and coordinate internal and external communications. That is our core role, but some of the expanded roles in more recent years has been to support Boards and Commissions, manage the Capital Improvement Projects (CIP) Program, manage the Life's Choices Kaua'i Office, and monitor civil service laws relating to Equal Employment Opportunity and the Americans with Disabilities Act.

I just wanted to go over some of the successes and achievements this past year. We have made an attempt to go out into community, to get feedback. In August /September of last year we went to Kīlauea, Līhu'e, Kōloa, and Waimea and this year Kapa'a, Hanapēpē, and Kekaha. This is just an opportunity to inform the community of various projects, programs, like the tsunami...the new tsunami maps, the new bus shelter program and so forth, and to get community feedback along the way. The Mayor mentioned earlier about the public feedback we received on budget priorities and these are listed here. The road maintenance being one of them. Transportation. Bus. And parks. The Boards and Commissions Office has had an incredible year with over 160 volunteers serving on fourteen Boards and Commissions, three advisory committees, and four Life's Choices Kaua'i committees. The Boards and Commissions has expanded their training including effective meeting management, parliamentary procedures and new board member orientation training and I am very excited that they have also added evaluating

Department Heads as a training that will be offered to those Commissions that have that responsibility. So last year there were 33 participants and this year so far with several...a few more training to go, there are 45 participants. I think this is such an important component because I believe the Charter delegates responsibilities to these Boards and Commissions and to me the more effective they are as a body, and their subject-matters, I think the more effective the County will be.

The CIP Program, we have a manager who assists in developing the 6-year CIP report that you will be receiving and reviewing. As was mentioned earlier, as of February this year, \$13.4 million has been spent and an additional \$6 million encumbered.

Life's Choices Kaua'i held an annual health and wellness fair and alcohol awareness month, going out to high school communities and groups to do presentations and to teach them about alcohol and drug use. Going on now is a Drug Summit, where this is I think for the first time 80 County supervisors and managers are receiving continuing education credits that are mandated by bargaining units. In this they will receive the training in reasonable suspicion and drug recognition. So these are represented by almost every Department within the County.

The Adolescent Drug Treatment and Healing Center feasibility study was completed and the Council was briefed on that and the Mayor's selection committee has selected the Ma'alo facility and we have made the commitment to brief the Council on service model options and recommendations and we would like to do that following the budget process.

We are very pleased that the preschool and after-school pilot program was initiated with the funds set aside by the Council. There is a partnership that we have set up with the Hawai'i Community Foundation, the first-round awarded funds totaling \$42,500 to six organizations and the second round applications will be online in May for \$95,500 and just to give you a sense of who received those funds in the first-round, Circles of Light, Aloha School Early Learning Center, Hanalei School PTSA, Island School, the Kōloa Early School, and Hale Opio Kaua'i receiving between \$2,500 and \$10,000.

One of the things that we...63% of our operating budget going towards our wages and salaries and one of the things that we wanted to rejuvenate because there was a core group of employees doing all of the work, we worked with all of the Department Heads to identify existing and new members to represent all of the Departments for the larger Divisions we asked for representatives from Divisions. So now we have an Employee Council, 30 strong with a lot of new faces. The goals of the Council are to improve morale, improve working relationships, and to address employee concerns. Some of the concerns recently raised had to do with the homeless issues and potential violence for early morning workers who come to the County, some of the graffiti and bird droppings at the Līhu'e Civic Center....and as we are getting the feedback from employees, we are trying to address them as they arise.

We have also had a pretty active Sister-Cities program. We celebrated the 50<sup>th</sup> Anniversary with Ishigaki and Suo Oshima. Iwaki, the Mayor from Iwaki, Japan participated in the Matsuri Festival and we have the ongoing marathon exchange with Iwaki City. A new project that is being developed is the Port Allen buoy project, which is a memorial to Iwaki Sister-City relationship with Iwaki City. This was found at the Pacific Missile Range Facility (PMRF), which this from the 2011 earthquake/tsunami in Japan that made its way to Kaua'i and the idea is to create this educational display at Port Allen.

The Mayor's Office is very active in writing and recognizing exemplary work in our community. We wrote and presented over 100 proclamations and 250 certificates.

We work closely with our D.C. consultant Mary Cronin of Smith, Dawson, and Andrews. Mayor has come over to Kaua'i and long-distance has worked one-on-one with our Departments to discuss grant possibilities. She provides guidance and suggestions on our grants and she reviews them. She assisted securing the Green Technical Assistance program for six days, which we will be receiving. She organized and facilitated a very important gathering of habitat conservation plan stakeholders and our Hawai'i Congressional Staff regarding our U.S. Fish and Wildlife strategy. So that is moving along.

Some of the goals and objectives that I wanted to go over...I am going to start off with improving our communications with the Council and Administration. We would like to respond to requests in a timely manner. We would like to be able to get responses to you within three weeks from the date of your requests and to be proactive and when we cannot get to the request, to let you know in advance. We would like to schedule joint meetings to discuss strategic priorities. We would like to continue to work together, I think it was very effective this year through the leadership of our Hawai'i State Association of Counties (HSAC) President, as well, to work on key legislative priorities. What I can do is go through this and then respond to questions. The other goal that we have would be to monitor the goals and objectives of each County Department, Agency, and Office. So I will be reformatting the monthly reports around the stated goals and objectives that you will be seeing in your budget presentations. We would like to use our weekly Department Head meetings and one-on-one meetings to discuss their successes, concerns, and solutions, and how to really problem solve around the objectives that are not being met. We want to improve the communications between the County of Kaua'i and the public by being able to respond to the public openly and promptly. We want to write and distribute press releases to support all County Departments, including the County Council. We want to share with and educate the public on County of Kaua'i's projects and programs on the Mayor's weekly television show. This is something that I really want to spend time to focus on and that is to engage County employees, increase communication, and improve employee morale. One of the first things that we have done is to try to rejuvenate just the composition of the Employee Council, and respond to their concerns in a timely way. We are starting to continue to brief the administrative professionals representing all of the Departments on our new initiatives, policies, upcoming events. We want to support the Green Team and you will hear more about that in the Office of Economic Development presentation, just to raise the awareness and adopt sustainability practices within our County operations. We want to re-launch the quarterly employee newsletter, and you will be receiving the first edition of the newsletter in your...I think all employees will be receiving that in the month...at the end of the month with their paycheck. We have initiated the first step of engaging employees in developing a mission statement this past year. Personnel Services will be sharing that with you in their presentation. So we want to work on the second step, which is to develop a value statement. We have shared with them the Council's value statement as a guide. That they can use in developing this next phase of work. We also want to increase the number of Board and Commission members participating in training workshops, so we would like to increase attendance at these training workshops by 50% over this past year. Training includes parliamentary procedures, Sunshine Law, County Charter, evaluating Department Heads, ethics, and subject-matter training. We also would like to update the rules and procedures of the Boards and Commissions by completing an updates for three to five Boards and Commissions this coming year. Just to improve consistency among Boards. We want to diversify membership for Boards and Commissions and we thank and acknowledge the Council for your support in some of the recent

approvals. We are looking for a diversified and well-rounded group of volunteers, who represent a cross-section of our community's values, beliefs, professional backgrounds and life experiences. We also will continue to monitor and facilitate our CIP program and expenditures. We want to get the CIP out....funds out in a timely manner and continue to make the Six-Year CIP report relevant and user-friendly. We also would like to pursue the Adolescent Drug Treatment and Healing Center. As I mentioned earlier we plan to brief the Council on the service delivery recommendations and funding alternatives, work on obtaining site control of the Ma'alo site and participate...I want to acknowledge Councilmember Yukimura's efforts to bring together the treatment providers and learned about the State-funded efforts to coordinate treatment delivery on Kaua'i. That is going to be a very important step in our process. To continue to implement the various components of the Drug Response Plan. You are all aware of the four committees that have been setup in enforcement, treatment integration, prevention, and then the Drug Action Team. Want to continue to host the annual Health and Wellness Fair, Alcohol Awareness, Drug Summit, and to disperse grants to non-profits to implement the priorities strategies. We want to monitor, train and assist the Departments in compliance with the Americans with Disabilities Act (ADA) by working closely, especially in the area of Civil Defense and disaster warning. We want to provide six trainings per year on ADA issues and review, update and modify our ADA Transition Plan. This is another area that we are getting caught up with implementing the national origin and language access and we will update our County Origin Access Policy and putting together a directory of who our resources are within the County and outside that we can use as interpreters. We are working to ensure timely investigations and resolutions of employee complaints and we will be conducting a self-evaluation of our Equal Employment Opportunity (EEO) compliance. This is one area that I believe is the most important. This is our last goal and objective. That is to address the County's financial sustainability. I think in our earlier discussion all of these issues were raised and let me just go over the first objective would be to facilitate a Financial Plan Task Force to look long-range at our financial fixed costs, anticipated expenses, our capital needs, and our revenue-generating opportunities. I think we need to decide on what kind of timeframe works best for the County Council and for the Administration. We would like to have an interdepartmental representative on this Task Force, and I think we need to have the discussion about whether we also want to have Council representation on the Task Force. The second objective is to facilitate a Labor Negotiation Task Force to address the labor negotiation process and strategies for strengthening the County's bargaining position. This is, I think, an area where we need to get a better understanding of what the existing process is, and where our weaknesses are and how we can do a better job, so that we are not always having to raise revenues to address these concerns. The other area that we would...that the Mayor talked about earlier is to facilitate a Vacancy Review Task Force, to review each vacancy, to determine if positions can be dollar-funded, repositioned, or shared amongst Departments. This is going to involve not just looking at the position that becomes vacant, but really looking at the internal organizational structure and how that position fits into that bigger picture of who is doing what and what is some of the regulatory needs of each of the Departments. So this Vacancy Review Task Force is a critical component of our sustainability and also mentioned earlier is supporting the Motor Pool Task Force as they work to consolidate our fleet. You will hear more about that in the presentations. Our audit finding that has appeared in the past few years has to do with the paper system that we now use. So creating this Human Resources Information Center that combines payroll and personnel into one user-friendly, centralized system is something that we need to make more progress on. You will hear more about that in the Human Resources presentation. Just to kind of go back, doing our Financial Plan Task Force (5-10 years), the Labor Negotiation Task Force, and the Vacancy Review Task Force are critical priorities moving forward.

The operating budget for 2015 is \$2.7 million, which reflects a \$130,000 increase. The increase is attributed to increases in salaries. A decrease in employee health benefits is based on the decision to not fully fund OPEB. An increase in our Youth Work Program. An increase in Boards and Commission's advertising, special projects, and transfer of Fire and Police training and travel funds from their respective Departments into the Boards and Commission Budget. Then for the D.C. Lobbyist, which was not in last year's budget because it was previously encumbered in a previous year's budget and so this year we have a need to fully fund that. So again, we can go through the budget details, but really again our focus is on our employees. Here is a photo of the 2013 Employees of the Year, really exemplary folks representing all of the Departments and we want to lift up the workforce, so that really everyone is contributing at this level. That we continue together to serve the community from *keiki* to *kupuna* and all working to the common good. This is last year after the budget process with the signing of the budget. Hopefully we can get there. It may take different twists and turns, but I know we will get there. Thank you.

Chair Furfaro: Nadine, thank you. It was a pleasure having you make a presentation from the other side of the table. Before I open for comments I want to tell you how pleased we are with the progress we have in Boards and Commissions and it needs to be recognized. I think Paula has really done a very, very outstanding job there. And also, I think it would be appropriate...I do not think Keith Suga has been with us for what a year now, but the progress that we have made in controlling costs associated with not only the projects in the underfunding of running against those projects, but also the timeliness and I wanted to take the time to share that.

Ms. Nakamura: Thank you, Keith has the ability to work with different Departments and different Project Managers and to also move the projects along and keep the projects moving.

Chair Furfaro: Recognition well-deserved. Members we can start with any questions that you might have. We have about 20 minutes before we break for lunch...as it relates to the presentation on the Mayor's Office. Go ahead, Mr. Hooser.

Mr. Hooser: I just had a real brief question and it may be for the Director of Finance. I am not sure if the Mayor, but I will ask and you can say. It caught my eye when you mentioned the reduction in benefits, you mentioned as a result of short-funding the health plan. But I would think that the budget...that is an accrued cost. It is not a real saving and so your budget I think would reflect that as an expense, not a savings. Are you following what I am saying? It shows a \$56,000 reduction, but actually it is not a reduction. It is a cash reduction but the expense is still incurred. When you look at what budgets have actually increased or decreased, I do not think it gives an actual representation of...I do not know if there are other costs like that that are incurred and...

Mr. Hunt: I am assuming you are referring to the OPEB savings if you will. It is an expense and booked as a liability but we are not fully funding that liability to the degree that we are required by law is only 20%. So we are coming down from 100%, which reflects a savings to us, but it is still booked as a liability. It does not go away. It is an obligation, but it does not have to be an obligation fulfilled in one calendar year.

Mr. Hooser: If you just look at it, it looks that the Office saved \$56,000, but they did not really save \$56,000. That is my point. So is there not a way to

keep it as an expense so we get a more accurate view of that? Then somewhere else in the budgeting, you follow what I am saying?

Mr. Hunt: It would require two sets of books essentially saying what it would be with and without that OPEB reduction.

Mr. Hooser: Okay. So that begs the question, are there other expenses like this that are real expenses, but not reflected in the budget of each Office? So every Department that we look at, we will see as a reduction in their budget, but their budget did not really reduce in my opinion, right, because it is an expense. It is like any other accrued or incurred expense, it is a real cost.

Mr. Hunt: In some of the funds and agencies we are fully funding and it is the General Fund that reduces the OPEB and not all are at 73%, but the General Fund is at the 73%. So in terms of where you will see that, obviously not always as a savings, because there are also increases for Collective Bargaining in many of those. Not so much with the Mayor's Office, but in other areas where there are bargaining units that are involved. There actually will be an increase, which is not the full impact of the increase, because of the short-funding of the OPEB. But as far as I am aware, there are no other instances like that, where we are skirting our obligations or liabilities and calling it a "savings."

Mr. Hooser: Right. My point is it is not a savings.

Mr. Hunt: Right, it is a budget reduction.

Ms. Nakamura: It is in the PowerPoint presentation, if that is what you are looking at.

Mr. Hooser: Yes, that is what jumped out at me.

Ms. Nakamura: It is not a savings, it is a reduction from the previous years, but it is definitely not a savings, but it is a reduction that will be shown in every Department's budget, individual Department budgets. Because it is budgeted per Department based on the salaries within that Department. So it is not done at the end where you just take OPEB off the bottom line. It is imbedded within each Department.

Mr. Hooser: Okay. I mean it is good to know that, I guess. Thank you. I might have some other questions, but that is the thing that jumped out at me.

Chair Furfaro: Before I recognize Mr. Rapozo, I would ask Steve, the fact of the matter whether it is a cash accounting or accrual accounting or so forth, the fact of the matter, Mr. Hooser's point is showing it as a cash savings in the year for the year does not un-obligate us to what the future liability is. Perhaps that presentation needs to be reevaluated as we go to other Departments. Because this is what the expense is for the year, but the reality that the liability is showing up on another set of books. Mr. Rapozo, you have the floor.

Mr. Rapozo: Thank you. I think what is confusing is that you have benefits and you have "Other Post Employment Benefits." So you have two sets. The benefits for this increase in salary did not go down. You cannot have an increase in any

salaries without an increase in benefits. When I think of "benefits" on this chart, I think of unemployment and Social Security that did not go down.

Mr. Hunt: No.

Mr. Rapozo: So the benefits line would be an increase, right?  
OPEB will be a decrease?

Mr. Hunt: Yes.

Mr. Rapozo: That is where I think it is confusing because you are showing an increase of \$71,000 and that is based on a percentage of the salary.

Ms. Nakamura: The PowerPoint is just sort of a summary of the detailed budget report.

Mr. Rapozo: So I think Nadine, if you had put OPEB, then it makes sense. Because you are right, you are deferring. We are saving cash this year. It is a temporary short-term savings as far as our expenditures, something that we have to pay later. But the benefits for that increase in salaries went up. That is not reflected on this chart. So that is not accurate.

Ms. Nakamura: Yes.

Mr. Rapozo: I think that is what we need to do. So if salary and wages go up \$71,000, then obviously your benefits, your regular benefits go up a certain percentage and you can also put that other line "OPEB" to show that. That I think is a little more accurate as far as the operational costs for me anyway. So as I look at...I cannot do the math that quick, but I am just looking at Health Fund, Social Security, we are looking at about a 5-8% increase in that line in the budget. This is showing a...I do not know what that is? About an 8% decrease, I think, if I am doing that math right. But in essence, benefits should be an 8% increase or average of 6-7% increase with OPEB being reduced so it kind of offsets. But I think it gives it a much clearer picture as far as the operating cost for the Office.

Ms. Nakamura: Right. If you take a look at the General Fund by Department, just the breakdown that is in your binders. If you take a look, the summary sheet there, this sheet here. This is the first page within the Office of the Mayor. You see this here? If you take a look at 0501, that begins some of the benefits. So like Social Security went up. Health Fund contributions went up. Retirement. If you go all the way down to "Other Post Employment Benefits" that is the one where there is the decrease or reduction.

Chair Furfaro: I am sorry, I am going to interrupt again and Steve you heard the term I used, but you need to have a different way to format that so that you can see what is the cash savings immediately, but what is the amount that is being deferred to another liability? A future liability.

Ms. Nakamura: I believe that is the amount that you presented in your budget presentation.

Chair Furfaro:  
this is your presentation.

I know what I presented, but I am just saying

Ms. Nakamura:

Right.

Chair Furfaro: If you are going to do it that way, you need to show by Department. I am sorry, that was your question, but I wanted to make sure that they understand what I am saying. They are deferring that liability. Mr. Hooser, you had a follow-up to your follow-up...my follow-up?

Mr. Hooser: For me, I am looking for belt-tightening. I am looking for reductions and at first glance it looks like a belt-tightening, but it is not and I think that is the underlying point you want to go year-to-year you see it dropped or increased less than others, but with this kind of thing buried, it is not in my opinion an authentic belt-tightening and that was my concern. Now that we know...okay. Thank you.

Mr. Rapozo: I just had a follow-up real quick. Because we are talking about the chart. The \$71,101, those are not new positions. I do not see any new positions...not in the budget anyway. Can you explain what...that is not Collective Bargaining, right?

Ms. Nakamura: No, these are not Collective Bargaining positions in the Mayor's Office. They are appointed positions that are exempt.

Mr. Rapozo: Can you list them with the coincided or corresponding position?

Ms. Nakamura: We inadvertently included the step increases in the March 19<sup>th</sup> budget submittal. So this correspondence to the Council is to clarify that the budget number...the salaries that populated the Office of the Mayor's budget were not accurate. So we have attached a list of the positions and the Mayor's intent to freeze the positions to July 1, 2013 levels, rather than receive the additional step increase that Civil Service counterparts would receive. So there will be...that number...that increase in salaries will be increased, but there will also be not as much as what is shown in the current budget. So if you take a look at the attachment to the letter, the first column includes the position. So the Mayor's Office, starting from E-98 down to 9219, I believe includes the Mayor's Office exempt employees. So from E-98 to 9219 positions.

Mr. Rapozo: Okay.

Ms. Nakamura: I am looking at the handout.

Ms. Yukimura: Where is E-98? I know, but I want to find it in the budget.

Mr. Rapozo: Where is that?

Ms. Nakamura: Excuse me; E-98 is the Sustainability Coordinator?

Mr. Rapozo: Where is that? What Department is that in?



Ms. Yukimura: Excuse me, where is the one for the Mayor's Office.

Ms. Nakamura: Let us start with E-80 down to 9219 would be the ones in the Mayor's Office.

Mr. Rapozo: Let us use E-80 to get an understanding.

Ms. Nakamura: Rather than the \$109,019, that would be populated by the number \$99,840 and then just down the line from there.

Mr. Rapozo: So in essence, the numbers that should be on the budget are the same numbers that were on the budget in the current budget fiscal year?

Ms. Nakamura: It did include a \$71,213 increase that counterparts did receive. That the Civil Service counterparts did receive.

Mr. Rapozo: If you could go down the list, if you could just by position number? Because you are saying...let us say E-80 for example, right now I show \$99,840 that was frozen in July 1, 2013 and budgeted was \$109,019.

Ms. Nakamura: Right.

Mr. Rapozo: But you are saying that what is in the budget is showing \$109,019 that is not correct, what is the number?

Ms. Nakamura: That is correct. The number should be \$99,840.

Mr. Rapozo: So there is no increase for that position? Which numbers are on this attachment that you just provided? If you could...I cannot tell which one is an increase or a decrease?

Mr. Hunt: Councilmember Rapozo, I can go through just the ones that are in the Mayor's Office budget.

Mr. Rapozo: For right now.

Mr. Hunt: That would be E-80.

Mr. Rapozo: I thought she just said that was what? That went up?

Mr. Hunt: These are all going to be frozen at the 2013.

Mr. Rapozo: Okay.

Mr. Hunt: So the numbers on the side represent what that reduction will be from what we have submitted in the budget. E-80, E-24, 9151, which is the top of the second grouping. E-63.

Ms. Yukimura: Are you giving us what the projected salaries...so it is...E-24 is \$91,051?

Mr. Hunt: E-24 would be \$88,400.

Mr. Rapozo: He is giving us the ones that are frozen.

Ms. Yukimura: Okay.

Mr. Rapozo: So the first column would apply and I assume in supplemental that would be corrected.

Mr. Hunt: This will be in the May budget, correct.

Mr. Rapozo: After he is done with the ones that are not moving, then maybe you can give us the ones that are moving, that are going up. E-63, the next one?

Mr. Hunt: The next one would be E-52. E-3. E-47. And then E-6, which is in top to the second last grouping.

Mr. Rapozo: All of these positions?

Mr. Hunt: Are in the Mayor's Office?

Mr. Rapozo: Right. And these positions are frozen.

Ms. Yukimura: Could you just save us the trouble by telling us what the salaries now will be?

Mr. Hunt: They are in the frozen column.

Ms. Yukimura: I want to transfer it to my budget.

Ms. Nakamura: So for E-88, that would be \$99,840. So for E-24, that would be \$88,400. For E-3, that would be \$75,960. For E-63, that would be \$75,960. For E-6, that would be \$79,992. E-26, that would be \$75,960. For E-52, that would be \$67,512. For E-47, that would be \$55,488. And for 9151, that will be \$65,732. That is one that goes up.

Mr. Rapozo: Any of the...on this attachment...

Ms. Nakamura: That was one where we had made an error on that particular one, where that one was not increased when we submitted and so now we are making the adjustment.

Mr. Rapozo: So that is the only...all the rest...so the \$71,000 is wrong on the spreadsheet. So it should only be \$2,528. Am I reading that right? The only one that I see is the 9151 that had an increase of \$2,528. So if you look at the spreadsheet, on the operating budget.

Ms. Nakamura: What I can do is to reconsolidate this information so it is only by Departments and it will be a lot easier to transfer over.

Mr. Hunt: I did just reconsolidate and if you are looking at the salary savings in the Mayor's Office, I will not call it "savings", but a reduction, \$12,959 and when you factor in the fringe at 40.25% that incorporates the same level of short-funding of the OPEB, that equates to a total of \$18,175 for the Mayor's Office, reduction from where it is budgeted.

Mr. Rapozo: Okay. Mr. Bynum.

Mr. Bynum: I am starting to get lost and I am not sure how we went down this past, but we started to look at the numbers in the spreadsheet. So I will start with that and go to this. So basically, if I understand the conversation, I think it is an important one to make this distinction. This number \$56,921 is a combined number that has some increases and some decreases?

Ms. Nakamura: Correct.

Mr. Bynum: In the future you are going to separate that out for us better? Or we are going find a mechanism to understand it?

Ms. Nakamura: This is a summary of the detailed budget.

Mr. Bynum: I understand.

Ms. Nakamura: Which is what we should be working off of.

Mr. Bynum: Right.

Ms. Nakamura: This was just to kind of get it all-in-one place.

Mr. Bynum: I get it conceptually that we have this savings...we have this year...this year by not fully meeting this obligation. The dialogue means that we have to factor that in our thinking to really know if a Department has increased or decreased. Because of this 56, you are showing 130 increase and it is probably an additional 60 or so. Right? That 190 is the actual increase in budget because some of that is hidden in the savings. I get that. Then I hear a desire to simply sort that out. So we can think properly about it. That has seemed to have led into that document.

Mr. Rapozo: Mr. Bynum, what I am going to do is...it is 12:30 p.m. and you will have the floor when we come back. I hate to bug you on your lunch break, but is it possible to clean that up so that way we can have it cleaned it up?

Ms. Yukimura: When you say "cleaned up," will we get new sheets?

Mr. Rapozo: No not that sheet, that sheet will not change until the supplemental is submitted, that is when it will change. So but with this...do you have something to add?

Ms. Yukimura: You can, not call it the budget but give us another sheet.

Mr. Hunt: During our individual meetings I did give you a breakdown by Department and Division of the OPEB reduction, which addresses Councilmember Hooser's discussion earlier. So that you should have valuable if available to look at the underfunded amount by Department and Division that is available to you.

Mr. Rapozo: We will break and Mr. Bynum will have the floor when we return at 1:30 p.m.

Ms. Yukimura: Question of Steve? That sheet you referred us to included these salary...accurate salaries?

Mr. Hunt: It included what was budgeted. So this will have a reflection on the changes that we are going to make...that we are making on the fly, if you will. It will not be updated.

Ms. Yukimura: It does not include the salary...the adjustments that you are not making before us?

Mr. Hunt: In fact, that will take our underfunded OPEB down a little bit less because it is freezing reduction at a lower level.

Ms. Yukimura: Right. Okay. I just want to make sure what we are looking at.

Mr. Rapozo: Mr. Chair, I just announced we are breaking for lunch and we will be back at 1:30 p.m.

There being no objections the Committee recessed at 12:31 p.m.

The Committee reconvened at 1:38 p.m., and proceeded as follows:

Mr. Rapozo: The meeting is called back to order. Mr. Bynum had the floor when we broke for lunch. Mr. Bynum.

Mr. Bynum: I want to stick with what you announced this freezing of appointed positions that is something that you are announcing right now to us?

Ms. Nakamura: That is correct.

Mr. Bynum: So it does make budget changes. Okay I just want to make some comments. I understand the reason for doing this, but I do not support it. It is like you got to show that the Mayor's Office and the appointees are taking it on the chin, but yesterday, we were talking about an inversion happening again with our new appointee with the Salary Commission that our appointees and Department Heads are suddenly finding that they are supervising Civil Servants with higher pay. So I understand the intent of this, but...I hope this is not inappropriate, but just in the Mayor's Office, this is like Beth Tokioka and Kauai, and Cathy Simao, and Cindy Ayonon, and Sarah Blane...all of those people deserve this step increase. We should not be creating...now it is \$12,000. That is a significant amount of money, but in the overall scheme of things we are not going to solve the County's problems by making what I consider to be a gesture, a well-meaning and thoughtful gesture, but I do not believe these employees do not deserve to not share in the step increases that our Civil Service people have waiting so long for and we have the

overriding concern about creating inversions. We want to attract the best and brightest. You know, we have increased the County Council salaries since I have been on here from \$32,000 to \$56,000 about and there were some candidates who ran because that has to be a reality check for you too, if you are going to commit your life full-time to the County. So thank you for making those statements, but I would encourage you to reconsider this move.

Ms. Nakamura: Thank you.

Mr. Rapozo: Councilmember Yukimura, you have that look on your face.

Ms. Yukimura: This is not the only...there are other managers affected, right? So the bill is not just this?

Ms. Nakamura: Yes.

Ms. Yukimura: What is the total bill?

Ms. Nakamura: During the lunch break I was asked to redo some of the numbers and I worked on the one relating to the Office of the Mayor and we will come back with all of the additional increases, but this is the one I recently handed out was just what I was able to work on during the lunch hour.

Ms. Yukimura: I understand that, but somebody should have the total amount of the impact of this decision. Do you know?

Mr. Hunt: That is reflected on the original sheet that was not broken out by Department / Division.

Ms. Yukimura: Can you just give it to me?

Mr. Hunt: The estimated reduction of \$126,884, estimated.

Ms. Yukimura: That is at least one position.

Mr. Rapozo: For Transportation, right?

Ms. Yukimura: Yes.

Mr. Rapozo: I knew it. She is relentless.

Mr. Bynum: Was the Transportation Coordinator position one of these?

Ms. Nakamura: On the overall, yes.

Mr. Bynum: I am going say this for the fifth year in a row that is a position that needs to be upgraded. That person is under paid, in my opinion. So I had hoped to see a different movement for that position.

Ms. Nakamura: We will break out the list, the original list by Department and I think it will be a lot more user-friendly that way.

Ms. Yukimura: Thank you.

Mr. Rapozo: Any other questions? Just for our...we have Office the Mayor, Boards and Commissions and Life's Choices at 2:30 p.m. so if we could get through this by 2:30 p.m., I would appreciate it. You folks are done with the presentation?

Ms. Nakamura: Pretty much, this is a combined report for all the Divisions.

Mr. Rapozo: Okay.

Ms. Nakamura: So we tried to highlight some of the other Life's Choices and Boards and Commissions within this presentation. If you have other questions we can bring up resources and our other concern is that Theresa Koki is at the Drug Summit that is going on right now so she is not able to attend.

Mr. Chock: Will we be hearing from them later?

Ms. Nakamura: If you have questions, it is imbedded in this, so we can take questions.

Mr. Chock: So we have the whole afternoon for questions then?

Mr. Rapozo: We have until 4:30 p.m. We do not have to go to 4:30 p.m., but we have until 4:30 p.m.

Mr. Chock: I have a few comments. I would rather applaud the direction that you folks are going in terms of recognizing the needs. Let us not lose fact of reality, we are in a deficit here and need to pull this budget together. That does not mean that I do not think anyone does not need or deserve the kind of financial increases or salary increases. I think we need to be realistic. So I appreciate that. I would like to see more...at least an acknowledgment where it is truly coming from and thank you for looking into the further details of that. There were two areas in the presentation, and it does not necessarily need to be answered now. However, I wanted to share that I do have an interest in...which was where you spoke about some upcoming communication strategies that are developing. Of course, I am totally enthusiastic about that, one of which was the values/mission development for Departments and my only comment was to be involved and sit in on the processes that you folks are going through, because I believe that values drive action and commitment. So when you do not have the money to spend, you have commitment here on another level, not necessarily for the money and that is just my perspective. So I am an advocate of that and I would like to be included in that. In terms of more communication strategies that I did hear...we have a great job that Yvette does...this is an untapped resource. Since being here I have noticed the need for...and we have great bloggers out there...boy they are really good...and you have The Garden Island...Darin comes every week and we should have a voice too. I am not saying that we have to agree on everything, between the Legislative Branch and the Mayor's Office on the decisions, but there are a lot of things that we do agree that should be highlighted and we could share together. The culture that you are bringing forward could be exemplified through that venue. My question, back to the OPEB on page 7 of the budget, there are

retirement contributions, and Other Post Employment Benefits. I was wondering how that factored...I got a little bit lost in sort of where we are saving the money...that one slide you showed. So I wanted to see how this particularly fits into that description.

Ms. Nakamura:

Mason, are you looking at this document here?

Mr. Chock: The big folder here. Page 7 is what I have. It is six lines down. Social Security contribution, Health Fund, and further down, five lines down "Other Post Employment Benefits." I was wondering how is that related to the OPEB decrease.

Mr. Hunt: The Other Post Employment Benefits is our OPEB and funds both...the fund is meant to be sustaining. The Employee Union Trust Fund (EUTF) is where the moneys go for the OPEB payment. It is meant to be self-sustaining and it is currently underfunded. So you liquidate capital investment to pay benefits that are going out. It is comprised of payments, one is your current payment which is your estimated amount for your current employees when they retire and the other is the catch-up payment for the unfunded portion to build that endowment so it will cover the payments. That is what we are talking about reducing. There is no employee on retirement pension that we are not funding the Employee Retirement System (ERS) which is their pension that will be short funded, that is not touched at all. This is more towards future retirees in getting that fund whole where the endowment will cover as opposed to liquidating capital investments to pay for those benefits.

Mr. Chock: This figure here...we got...it is already taken out basically?

Mr. Hunt: Yes. Of the fringe, if you will, our current estimate from our actuarial company is 23% is the OPEB portion of the fringe of the total 47.15% is our fringe calculation. 23% is the OPEB portion of that which includes current and past. We are suggesting reducing that from 23% to 16.1%.

Mr. Chock:

Thank you.

Mr. Rapozo: There are jurisdictions throughout the country that retirees are not getting their pensions and that is why this is here. I mean, really as long as I have been doing this, I really never...I knew that we paid the retirement and I never thought about where that money...I figured it just came from the government, the retirement system, but we pay for that. That is what that OPEB is. We put the money into the retirement system, what is it called?

Mr. Hunt:

EUTF.

Mr. Rapozo: They distribute the funds. This is just a guarantee or an assurance when our employees retire that they have pension that they have benefits and it is very, very expensive, very, very expensive. One of the things that I did want to follow-up with what Mr. Chock said was as far as the opportunities to collaborate, I guess and I know you brought up the weekly show...Mayor your weekly show which is seen by millions and millions of people. I do not know when the last time one of the Councilmembers got a chance to appear on it? No, I mean, because you touched on something or Nadine you touched on something this year was unprecedented as far as the Legislative Package and that I give all the credit to Maui Council Chair, Gladys Baisa, who

came to HSAC and said it is about time we start working together with the Mayors and we thought we were working with the Mayors, but we really were not working with the Mayors. It was just that suggestion and we met in Maui with Mayor Arakawa and we were able to get together with the Mayors and come up with some of the really important things that we did agree on. Then the Council Chairs...not all of us agreed on, but the majority did. Anyway, and the Chairs got together as well, the Council Chairs and they are still meeting on a regular basis. But on things like that, we could definitely share with the public through your TV show. That would be interesting. I know JoAnn had her hand up and then Mr. Bynum. Go ahead.

Ms. Yukimura: Thank you. I am hoping that our HSAC Conference we can have some discussion about the package for next year and about different ways of financing the counties. I did not see anything on the agenda, but I was thinking maybe we could add something.

Mr. Rapozo: Talk to Ashley and Honolulu is hosting it in June. I think it is a great opportunity. The last comments we had on Kaua'i, Mayor Carvalho was the only Mayor who stopped by, the only one. It was very disappointing with Mayor Arakawa, when we met on Maui and he said some things that he did not think it was worth his time. Now he is realizing that it is. It is much better when we go in united, even if it is for one or two items, versus a lot. So sorry to digress.

Ms. Nakamura: Can I add to that? That it might be a good thing for Yvette to talk to Councilmembers to find out what some of the topics might be and then we can coordinate with Beth and Mary on our side to see when we can have the two Councilmembers on the TV show.

Mr. Rapozo: For the TV show?

Ms. Nakamura: Right. On the value statement, our Personnel Department is going to be showing you the cards and what they came up with and the great thing about that was that it was an employee-generated process. The same thing we wanted to do with the value statement is make it come from the employees. Then it was presented at the Department Head Meeting. That is the same thing that we want to see happen. We can definitely have Debbie get in touch with you to participate in that.

Mr. Rapozo: Go ahead.

Ms. Yukimura: I want to talk about the Life's Choices Office and the Adolescent Drug Treatment Center because your PowerPoint says that the Mayor's Blue Ribbon Committee agreed on the Ma'alo site and a build-from-scratch scenario and what I gathered is that they never even met with the consultant who did the feasibility study. So I do not know that they really understood the feasibility study and I do not even know...did they actually take a vote on the site, or was it the Administration that made the decision and the Committee might have seemed to have gone along with it? I do not know if there was a formal endorsement. What I am concerned about and have not gotten an answer about the \$500,000 that was in the budget and how much was spent...not in this budget, two budgets ago, CIP, hopefully not Bond Fund. But anyway, it was encumbered, but held back on. Then until this decision process went through...but I am not sure that the Council is in favor and will fund a stand-alone site because we are not convinced it is sustainable. If the \$500,000 that is in the budget is going to be spent towards that that is not a good idea.



Ms. Nakamura: So is the Council in agreement with that position?

Ms. Yukimura: We were only briefed on this plan at the end the January and there were at least four Councilmembers who said they wanted to look at the pilot scenario first. But we have never really had a full discussion with the Administration. We have never seen a financing plan. If there is going to be Bond money, it has to be a special bond. We have not seen any of that.

Mayor Carvalho: Councilmember Yukimura, we have been in numerous discussions with laying out everything, our first order of business was to look for a location. It is been no secret of what our intentions are. We hired a feasibility...we did a feasibility study.

Mr. Bynum: The study showed it is not feasible.

Ms. Yukimura: The study said it is not feasible.

Mr. Rapozo: Let me just interject really quick. Is there any budgeting in this year's budget for funding of this facility?

Ms. Nakamura: No, there is not.

Mr. Rapozo: Okay.

Mayor Carvalho: We are not even there yet. Give us time.

Ms. Yukimura: You have \$500,000.

Mayor Carvalho: Well, we have to figure out what the \$500,000 is for.

Ms. Yukimura: If you spend that towards a scenario that this Council has not agreed on, that is not going to work. Because you are going to need future funding. We need to have a complete plan. We need to see what your financing plan is and what your operating plan is because it shows...the feasibility study shows that the County will have to pay \$250,000 to \$750,000 depending on occupancy a year. Okay? That is a huge commitment.

Ms. Nakamura: One of the takeaways from the recent meeting that you coordinated, Councilmember Yukimura, was that a pilot project is also something that is not quite very feasible. If you are looking at two or three beds to see how it might work. Using an existing non-profit, at some sort of existing site, that scenario also was questioned by the Department of Health.

Ms. Yukimura: Totally. So I do not see any workable plan on the horizon. To go with the most expensive, most risky plan does not make sense. Especially if you do not have a financial plan.

Ms. Nakamura: One of our objectives was to have that briefing to conduct further discussions with the funding agencies that are so critical to making the

ongoing operations work and sustainable. So we are going to have those discussions, the Mayor, and Theresa met with the Department of Health.

Mayor Carvalho: We have been in numerous discussions and yes, we have not presented yet, but there are so many options out there and discussions that I have been having with the State and the discussions that you have been having and we put together this Blue Ribbon Panel of very distinguished people, who are very knowledgeable, a good cross-section of people. You know that. So I am trying to figure out how to take the long-term vision and tie it into what you are talking about in the short-term and come out with a good, comprehensive overview on how we are going manage it. For me, the long-range plan is to get an Adolescent Drug Treatment Center. We are working through the process and you know every step of the way, JoAnn, I have been told that you have been informed from our Director every step of the way.

Ms. Yukimura: Mayor, I do not think you have been informed about the actual feasibility.

Mayor Carvalho: I have been. I have been.

Ms. Yukimura: You have not told us which one you are choosing and how you plan to get it done.

Mr. Rapozo: Okay. Let me do this. Hang on, Mr. Mayor. One of the things that we are going to find as we move through this process, as we did with the methane...that there is \$500,000 that Councilmember Yukimura talked about. It has not been spent, but it has been encumbered though. Was that for the study?

Ms. Yukimura: No, it was not for the study, it was for architects.

Mr. Rapozo: I do not want to spend too much time here because there is no budget item to discuss, but I do want to have the discussion. I am not sure...that is in the CIP budget, right? The \$500,000 is in the CIP budget? I do not want to bring CIP up now because we have you coming up during your time.

Ms. Nakamura: So the idea was that we would continue to do our analysis and then come back to brief the Council following the budget process.

Mr. Rapozo: You are not going to build a facility without coming to the Council.

Ms. Nakamura: We cannot.

Mr. Rapozo: Correct.

Ms. Nakamura: Because the first step in getting site control is getting an approval from the Council to go down that path.

Mr. Rapozo: Exactly.

Ms. Nakamura: So it is in our interest to make sure we are on the same page before expending future funding.

Mr. Rapozo: So I think at that point is where the Council will have an opportunity...I share some of Councilmember Yukimura's concerns. I think it is risky, but again, it is a matter of opinion. You know some things to some of us are worth the risk and to some it is not. But there will be a time for that discussion, Councilmember Yukimura and I would definitely want to engage in some discussion. Mr. Chair, I will be making suggestions as we go along and obviously the Chair will have the final say of getting it on the agenda. I think for the next couple of weeks as we go through budget, we want to focus on the budget. Mr. Chair, correct me if I am wrong or if I am straying, and then the matters that relate to areas outside of the budget, we can schedule agenda time to have that dialogue.

Chair Furfaro: That is the right assumption.

Mr. Rapozo: Councilmember Yukimura.

Ms. Yukimura: I am fine with that plan and I apologize, I see a February 3<sup>rd</sup> memo that I had not seen before showing that \$56,000 has been encumbered and \$50,000 was for the feasibility study, so there is \$443,000 left, which is good. But I would like to actually have this meeting scheduled in the next three months, if we can.

Chair Furfaro: First of all let me answer that. You fill out the appropriate requests and I am sure that we can put it on the agenda.

Ms. Yukimura: All right. Thank you. I would like to get a copy of the minutes of the meeting at which the Mayor's Blue Ribbon Committee selected the Ma'alo site and a copy of their discussions.

Mr. Rapozo: You have one of these?

Ms. Yukimura: Yes.

Mr. Rapozo: Okay. Then we will send out the formal communication from the Budget Chair to the Administration.

Ms. Yukimura: I have another question about the budget.

Mr. Rapozo: Mr. Bynum, did you have something related to the Adolescent Drug Treatment Center?

Mr. Bynum: It was on my list.

Mr. Rapozo: Go ahead.

Mr. Bynum: I do not want to belabor it. Other than to say that there seems to be a disconnect between the feasibility study and the dialogue we had with Madeline that day. I heard a request from the Managing Director to give you time to regroup. So I was a little surprised to see the Ma'alo site as part of your presentation and I do not want to belabor it now. I want to say this has a long history and we all remember when Roy was working for Mayor Baptiste, when we started this effort and the great efforts from the Kaua'i Planning and Action Alliance (KPAA) and many Councilmembers who were involved...including myself and JoAnn and Mel over the years...because we care about this issue deeply...we have gone through an economic change...the world has changed...the

system that delivers services has changed. We are in a different world. We have to listen to the State Mental Health that was really clear, the world has changed and is different and what was a good idea then may not be a good idea now.

Mayor Carvalho: Just one comment. I think the biggest question is what is the right fit? What model are we looking at? Because it is not just one type of service here. You are talking about three different opportunities in this location to address more than just one area. So we are trying to look at more of an open-type of complex project.

Mr. Bynum: I understand that.

Mayor Carvalho: It is going to encompass more than just one. I will just leave it at that. We can come back and be more specific later.

Mr. Bynum: I noticed that your language changed and that we are not just talking about an Adolescent Drug Treatment Center, but a Healing Center, so that might involve outpatient...now you are just talking about a building. These programs can lease buildings, right? Do we need a physical structure that has certain designs to meet these needs and what is the County's role in this? Those are the bigger questions. I want to learn more about Life's Choices and some of the recent presentations put on by Life's Choices I have questions about, but I will save all of those. So you wanted me to follow-up on Life's Choices? Let us have this dialogue ongoing.

Mr. Rapozo: Mr. Hooser.

Mr. Hooser: To kind of bring it back, we can have a long discussion and we will about which program is the best on but in terms of the budget, I want to be clear, apparently I am hearing there was \$500,000 set aside for this project in a prior budget. \$100,000 in round money has been encumbered or spent on the project. So remaining is \$400,000 that is not spent and that \$400,000, correct me if I am wrong is going to be on the CIP budget and when we get to the CIP, there would be a line that says \$400,000 or whatever number is for that project. Is that correct? Am I correct so far?

Mr. Hunt: The only correction is that it is encumbered already. So it is not a new CIP. It is an ongoing. Those moneys will not appear as we are not looking for additional CIP funding unless you are asking to defund.

Mr. Hooser: That may very well be a conversation that happens. I just want to make sure when we get to the CIP budget, it is a line item there and we can see how encumbered...

Mr. Hunt: It is not in the budget because there is no unencumbered balance left, it is encumbered, and it is just not spent.

Mr. Hooser: At some point I would like to have a discussion...maybe it is with Councilmember Yukimura's request of what does that mean or how to unencumber it? If it is encumbered on a project that the Council does not support we can have the conversation later, but not during the CIP.

Mr. Rapozo: We will send it over as a question and I would assume the dialogue will be in the CIP. That is a CIP issue. It is encumbered funds so it

will not show up as available money, but that is in my money where it belongs in CIP discussion. We will send over the question, to give us the chronology of that fund so we can better understand what happened.

Mr. Hooser: Also, I would like to know the nature of the funds, whether they were CIP Bond Funds or General Funds.

Mr. Rapozo: I believe they were General Funds, correct?

Ms. Nakamura: It was General Fund, right?

Mr. Rapozo: A combination.

Mr. Hooser: If you bear with me for a second Chair, even though it is been encumbered, I would think if the County wanted to swap funds that is still a budget mechanism that we can use, if you follow the last budget a little bit? So it may be good to see what other kind of encumbered funds are out there and have that discussion in the CIP budget.

Mr. Rapozo: We will list that question to have a summary of all of the Bond Funds encumbered out of all the Bond Funds so we will have a better idea of what is there.

Mr. Hooser: Or encumbered General Funds.

Mr. Rapozo: Both.

Mr. Hooser: All CIP.

Mr. Rapozo: Mr. Chair?

Chair Furfaro: Just to give some quick clarity to this. I am going to go ahead and reserve June 25<sup>th</sup> for further discussion on the concept, okay?

Ms. Yukimura: Thank you.

Chair Furfaro: So Staff make a note of that. The bigger issue here is the fact that this is a problem that we have to resolve, not just for the project that is the discussion right now. Where you have the first phase of a release for less than 10% of the project scope and you end up encumbering the entire project. We have to come to an understanding that because a lot of these projects are done in phases and you might get to phase 2 of 5 and we realize that the direction needs to change, or something has changed that perhaps has taken this to a different level of the radar. But I am not just pointing out for this project, but talking about projects in general as we deal with cash management for CIP, whether it is Bond money, it is something that we need to have a mutual understanding. Thank you.

Mr. Rapozo: Thank you, Mr. Chair. I do not have the best memory around, but if I remember correctly...no, if I remember correctly, probably it was two years ago?

Ms. Yukimura: Yes, or three.

Mr. Rapozo: We had the discussions and we met with the Administration and this Council...not this one, but the Council at the time approved the funding. I remember the discussions about the different contracts that were going to be sought by Life's Choices. I remember that there was some debate, but at the end of the day, I believe the Council approved that. That is my recollection. Maybe not. I know that the Council approved the funding. I think at that point, I believe that the Administration had the authority to use the funds. Now we can revisit that, and if there is some strong opposition, I am not sure how the encumbrances were done. As I remember, and I know it was not fully supported by the entire Council, but I do remember having the discussions that there will be an architectural study or survey and I believe there were three contracts that would be encumbered. That is what I remember, but we can definitely have the discussion during the CIP so I will get my memory refreshed. Go ahead.

Ms. Yukimura: That is correct and the following year we put aside that money when it was a generalized idea. The following year, when there was not a very good foundation for it, the Council removed the money. But the Administration encumbered the money.

Mr. Rapozo: Before the budget.

Ms. Yukimura: Right. That is when we passed an unbalanced budget.

Mr. Rapozo: I think Nadine was really upset then. Totally within the authority of the Administration, that was done. So I understand JoAnn, the frustration. But I think the Council...we had a lot of dialogue on that.

Ms. Yukimura: Right. The subsequent Council did not support it prior to a feasibility study. We had not done a feasibility study and we were already moving ahead. Now we have done a feasibility study and it gives us pause, because we have to look at those figures. Now if the bond money was encumbered that was an illegal thing and we cannot use regular Bond Fund for an Adolescent Drug Treatment Center that is going to be operated by a private company. So some of those encumbered funds are theoretically void or something. So we need to get the legal advice about that.

Mr. Rapozo: We will have that chronology.

Ms. Yukimura: If they have not expended any money that is one thing. Then, Mayor, if it is multiple services to put it out in the Ma'alo site where it is not accessible by bus does not make sense either. There are a lot of issues and I appreciate that the Chair has already set a date. My question on page 2 of the line item budget, Life's Choices Community Mini Grants, \$10,000, what is that proposed to be used for?

Ms. Nakamura: My understanding is that there are non-profit groups doing educational programs or projects that will help to implement the Drug Response Plan. So Theresa may be giving out grants that are \$1,000-\$2,000 grant-level, mini grants to groups.

Ms. Yukimura: I think with your background you know that minimum grants do not really move us towards implementation of plans. So were there any mini grants given over this past year?

Ms. Nakamura: I will need to double check and get back to you on that.

Ms. Yukimura: If so, I would like to know what those grants were given for and on what criteria they were awarded.

Mr. Rapozo: Okay. I believe there were mini grants issued and again difference in opinion, I think that should be more. Anyway, Mr. Bynum?

Mr. Bynum: I want to talk about Lobbyists de-funding.

Mr. Rapozo: Are we all done with Life's Choices? Everybody done with Life's Choices?

Mr. Bynum: I am done.

Mr. Rapozo: Okay.

Chair Furfaro: Since we are on the Life's Choices subject I am going to look in Records about some correspondence that we have on this subject and when I find it I will share it with everybody.

Mr. Rapozo: Thank you.

Mr. Chock: I am looking at the item right now in regard to Councilmember Yukimura's request and I think I could speak to that. My company Kaua'i Team Challenge received a small grant through that process two years ago. It helped to fund the establishment of leadership facilitators in the high schools. I do not know how many others there were, but I was one of them.

Mr. Rapozo: It is a good thing.

Ms. Yukimura: So you will have a conflict of interest voting on this?

Mr. Chock: I do not get it any more.

Mr. Rapozo: That was two years ago. Mr. Bynum, D.C. Lobbyists.

Mr. Bynum: I want to talk about lobbyists in the context of our common voice and general excise (GE), it is all wrapped up and this year, in my opinion, I think it is factual what the Legislature heard was mixed messages from the counties. They heard Mayors and HSAC saying give us a GE tax and they heard the Council Chair and other Councilmembers saying over my dead body. So they heard the Mayors coming up, not arguing for the TAT initially, but asking for the GE. Joe Souki says hey give the TAT back. It was not a good common voice, can you agree? I am not placing blame, but we did not collaborate last year. We had a State Lobbyist last year and I do not see a State Lobbyist in here. State Lobbyists have worked well for us in the past and we had a D.C. Lobbyist and now we have a new one. For ten years we have been talking about having a common voice. Some really good things have happened, the Administration has

been better about communicating with our staff about dealing with the Legislature. It is really tough. Our staff person Ashley has been incredible, meeting my needs anyway, but it is still not...it is still disjointed. Do you agree? This is an issue that we have to work on?

Ms. Nakamura: I think the common voice that I think we all brought to the Legislature was the need for additional State revenues. Now the method to get there, I think there were different voices there, and different strategies. But in the end everyone rallied around the lifting of the TAT.

Mr. Bynum: You are right, in the end.

Ms. Nakamura: In the end.

Mr. Bynum: But that night, the opening of the Legislature, I saw guys in the Legislature saying well we are going to have to deal with the counties' request to get the GE funding. The narrative is not what we wanted at all. The narrative was all the counties want more money from us. Not that hey, the counties want the TAT that they took away from us. We had to circle back around to get to that. Anyway, let me ask questions, okay? Are there any plans for a State Lobbyist? Is there anything in the budget? I do not see anything.

Ms. Nakamura: I would like to...I think we had some concerns with the last lobbyist and potential conflicts of interests. I believe there is in the Boards and Commissions, maybe we can ask Paula to join us here. If you take a look on page 9... excuse me, page 10. Page 10 of the budget.

PAULA M. MORIKAMI, Boards and Commissions Administrator: Under "Other Services" in the past we budgeted \$65,000 for a lobbyist, working for the County Council and the Administration. We did not have one this past year. For this coming fiscal, Boards and Commissions is asking for \$25,000 for a lobbyist on an on-call basis only.

Mr. Bynum: So may I suggest that the Administration collaborate with Mel and Gary, who are our chosen representatives to represent the Council at these matters. In that we work collaborative on getting a lobbyist...I mean there is a group of them out there that have good, not conflicts, have good what, but that we commit to collaborate. So our voice at the Legislature is coordinated by this lobbyist, right? And our collective staffs. Do you agree that we need to work on this more collaboratively and get back onto a track? Because clearly it has not worked for us the last few years?

Ms. Nakamura: Yes.

Mr. Bynum: Can you commit to work with Councilmember Rapozo and Councilmember Hooser on that selection and these issues in the future?

Ms. Morikami: Yes.

Mr. Bynum: Thank you. I appreciate that.

Mr. Rapozo: Thank you.

Ms. Nakamura: Just to give you an update, too, on the Ways and Means...is that they are reporting the Bill out of Committee to keep it alive and for



discussion purposes. It is an effective date July 1, 2050 and the percentage is blank and all of this is affected by Council of Revenues projections that recently went downwards. So it is going to go on to Conference Committee and worked out then. But it is moving along. I think the question is whether it is at the 7.25% or 9.25%.

Mr. Bynum: It is now a combined Bill? There is not a House and Senate version?

Ms. Nakamura: This came out of Ways and Means in the Senate.

Mr. Bynum: So now it goes to Committee. And they left of the percentage blank?

Ms. Nakamura: Blank. Right.

Mr. Bynum: So I said this earlier, we have time to put on a full-court press on this. We can...you know, I want to see all four Mayors outside of their Conference Committee saying that we expect 9%. Maybe you will not get Arakawa, I do not know. But is it not time to make a full-court press on this? This decision is going to impact us forever.

Mayor Carvalho: We have been doing everything that we can and being kept abreast by the Mayors.

Mr. Bynum: Well, my fantasy is there would be memos saying Councilmembers this is the Administration and how we are moving in the next few days and here is how you could assist and vice versa, that we would be much more collaborative during this Legislative Session. We have talked about this ever since I have been on the Council and we have good years and bad years and this year was a bad year in my view in terms of us having a common voice. Even if we have a disjointed voice, to do it with a little more plumb. I am not blaming anyone.

Ms. Nakamura: Maybe part of it is just communicating because the Mayor has been there with the other Mayors to testify and all of the Managing Directors were there last week to testify.

Mr. Bynum: It is like the State Lobbyist...the key person who lives on O'ahu, you know, we need that person. One year it was Ron Kouchi when he was not in elected office and man was it effective in my view. So we need that guy or woman to help lynch us and I think I have made my point. We agree and that is great. Let us move on. This is the tough question. Here is a tough question. Are you guys away that GE is the most regressive tax in the entire United States? That is hurts low and fixed senior citizens? People on fixed incomes? Way more than any other taxation that we have available to us. Are you aware of that?

Ms. Nakamura: Yes, we are aware that it is a regressive tax.

Mayor Carvalho: Just from the Mayor's standpoint, our initiative was to just get authority, if we choose to use it or not. It was not anything else. I was speaking on behalf of all of the Mayors and not just myself; we all collectively went in and asked for the permission. It is up to the Mayors to decide, if they choose to or not.

Mr. Rapozo: It was not even up to the Mayors, but it was up to the Councils. The Mayors could not do anything with it without the Council and this body would still be the body. But anyway, I do not want to get into a philosophical debate about revenue, because we are talking about the Mayor's Office budget. I think the discussion is a good one, but I just want to stick with what is on the budget here. When we get to the revenue discussions I think that is appropriate.

Mr. Bynum: I will move on to a different topic.

Mr. Rapozo: Mr. Chair?

Ms. Yukimura: I have a follow-up?

Mr. Bynum: If I may? I feel like I was engaged in a dialogue and all of a sudden you were commenting and you were commenting and I lost the floor. I am not complaining, but we are at the beginning of budget session and let us be careful.

Mr. Rapozo: I want to make sure that we stick to the budget discussion and not philosophical disagreements on GET or TAT or Adolescent Drug Treatment Centers. We are looking at the budget here and that is what we are addressing. If you have questions about an expenditure on the budget that is here, this is the time to ask.

Mayor Carvalho: Councilmember Rapozo are we done with Life's Choices?

Mr. Rapozo: Yes, we are.

Chair Furfaro: I want to get the record straight here for a second on the issue brought to the attention by Mr. Bynum. The Mayors of the four counties did not give testimony on the TAT in writing until March 5<sup>th</sup>, in fact. The Mayors took a different position on asking for additional revenues. They focused on the GET. Second fact, Mr. Rapozo's group had to wait until the session was "in session" by their own rules at HSAC and then they pursued the GET as well. They did not give testimony. The four Council Chairmen, which was distributed to all of you, did a press release and we spent two days lobbying the House and the Senate. Mr. Souki told us that we should know upfront, we should know upfront that the Bill will crossover, because there was no Bill in the Senate. The fact of the matter is that we should anticipate a compromise on the amount because he already felt that they would not go to the 9%. So be prepared for something that goes across either blank or at maximum, the 7.25%. So that is where we are at right now. To complement what Mr. Bynum and Councilwoman Yukimura are saying is, there is another push now. There is a need to be more assertive.

Chair Furfaro: "Assertive" is your choice, but give new testimony again because the Bill has crossed over, but it is blank and I think that is what the Mayors want to do with their March 5<sup>th</sup> written testimony, which is aligned with this testimony. I just want to get all of the pieces correct in sequence. Thank you.

Mr. Rapozo: Councilmember Yukimura.

Ms. Yukimura: At the hearing before Ways and Means and Finance on the first day, the opening-day, Sylvia Luke asked the Mayors where are the

Resolutions from the Councils supporting the GET and nobody could answer. So I think it is right that we have a lot of work to do to be coordinated. They also said why you are asking us to give you GET power when you are saying you might not use it? So anyway, I just want you to know, on the Life's Choices Office, I would like to have a report on the Drug Plan, on how well we are accomplishing our goals? Based on indicators, which I have had a hard time getting. Indicators, whether we are making any progress in prevention, enforcement, treatment, and aftercare?

Mr. Rapozo: Time-out. Stay in your seats, tape change.

There being no objections, the Committee recessed at 2:28 p.m.

The Committee reconvened at 2:44 p.m., and proceeded as follows:

Mr. Rapozo: The meeting is called back to order. It is quarter to 3:00 p.m. We will go to 4:30 p.m. Councilmember Yukimura you had the floor.

Ms. Yukimura: Thank you. I wanted to ask about the legislative program.

Mr. Rapozo: Page 10.

Ms. Yukimura: Yes, thank you. It shows \$250,000 for legislative tracking program. Then did you say you were setting aside \$25,000 for on-call lobbyists for the State, is that what I heard?

Ms. Morikami: The website tracking system that we have, the software for the Council and for the Administration runs us \$12,500. The part-time, on-call lobbyist, if approved would be \$25,000.

Ms. Yukimura: Okay. Then you have \$250,000 for all of this...the video and web streaming services.

Ms. Morikami: Granicus is running roughly \$150,000 to \$170,000 a year.

Ms. Yukimura: Okay.

Ms. Morikami: Then we have our legal analyst who reviews the Charter Amendment questions before it goes to the ballot, after the County Attorney reviews it.

Ms. Yukimura: Okay. And what kind of contract is that?

Ms. Morikami: It is up to \$25,000 a year, as-needed.

Ms. Yukimura: Thank you and then related to our mainland lobbyist or our federal-level lobbyist, is it \$55,000 and \$10,000 that you showed? \$10,000 looks like it is for a trip to report to the Council? Or to the County? If somebody could tell me what page that is on?

Mr. Rapozo: Page 2.

Ms. Yukimura: Thank you.

Ms. Nakamura: It is a \$55,000 total line item.

Ms. Yukimura: It is total?

Ms. Nakamura: Yes. I think the \$10,000 up above is for the Festival of Lights.

Mr. Rapozo: It is.

Ms. Yukimura: Okay. The D.C. Lobbyist is to provide a briefing to the Council? Then your Kekaha Host Community Benefits Facilitator?

Mr. Rapozo: JoAnn any more questions on the lobbyist?

Mr. Bynum, do you have a question?

Mr. Bynum: I had a list of questions I have not been able to get to.

Ms. Yukimura: I will yield to him if he wants to start on one subject.

Mr. Bynum: I will give him the floor if he has a question.

Ms. Yukimura: We are going subject by subject.

Mr. Rapozo: Mr. Bynum had his hand up, so I asked him if he had a question.

Mr. Bynum: I have been kind of in and out so I have to look at my notes.

Chair Furfaro: You can introduce any new subject.

Mr. Rapozo: It is very informal in that sense that we are putting it all together and I appreciate you folks allowing us to do this because we have a time schedule, but this is a lot more productive, I think.

Mr. Bynum: I am just going to make a comment. I had other questions and I know that they will come up later in the budget process. I want to just thank you for the presentation today and the willingness, as I said, many changes and I have mentioned several times that our Mayor has been working with us at Council. I do not think that happened before, ever before this Mayor. So thank you for that level of involvement and being open to the tough questions. I want to thank...I did not acknowledge this earlier. You know, over the last few years the Council has said hey how come this money is in the Solid Waste Fund? We want to see a tighter, better budget process and in the past we had little things that we could do to make stuff work because we had these little pockets of resources kind of all over the place. Well, you guys responded, the Administration. It was Nadine that was pushing you from this side. You responded by

appropriately funding the funds. That is one of the questions that the guys were asking us, because they know we used to do that? Do you have your funds appropriately managed, is what they are asking and you have done that. That also makes it tougher...this year, because there are not those little...there are not those variance to play with. There is not that money that we could move from the Solid Waste Fund back to the General Fund. Those things do not exist anymore because you were responsive over the last few years and I talked about structure earlier. Even though we have huge challenge we should be proud of the progress that we made, the Administration and Council over the last few years of getting our economics structured properly. So that is it for today. Thank you very much.

Mr. Rapozo: Thank you very much. You had a question on a new subject?

Mr. Chock: New subject.

Mr. Rapozo: Go ahead.

Mr. Chock: Thank you, Chair. I had a question about the American Red Cross and what it is that we fund \$15,000 for annually?

Ms. Nakamura: It is to subsidize their operations on Kaua'i. So just with their annual program here they did ask for an increase to \$35,000, but given the budget constraints we kept it at the status quo level.

Mr. Chock: We have been funding the American Red Cross for many years?

Ms. Nakamura: Yes, for generalized operations on Kaua'i.

Mr. Chock: To what mechanism did we initiate that? Just because we believe in the American Red Cross? I just wanted to get more of a sense, how do we make decisions in terms of what organizations we support and do not support from the Mayor's Office?

Mayor Carvalho: A lot of times we are a partner with our Civil Defense team and they put in requests to show us what their fiscal situation is. We have been funding them all of this time. They have been a really good partner in responding to our needs.

Mr. Chock: Are they in collaboration with the Community Emergency Response Teams (CERT) as well?

Ms. Nakamura: Yes.

Mr. Chock: Thank you.

Mr. Rapozo: Any more American Red Cross questions?

Chair Furfaro: I have a comment.

Mr. Rapozo: Councilmember Yukimura had her hand up.

Mr. Bynum: I had a question on Red Cross. That list of items.

Mr. Rapozo: Are you talking about page 2 the "Special Projects."

Mr. Bynum: The one that has the Red Cross, KPAA....

Mr. Rapozo: That is the "Special Projects."

Mr. Bynum: Thank you. I just want to say that these...for information...these have been in the Mayor's budget for a long time, all of these. I do not think any are new. But what did KPAA have last year? Some of these are reductions from last year, yes?

Ms. Nakamura: I think it may have been \$35,000 or it was at one time \$35,000. We can take a look at what it was last year. But again I know that KPAA or was it another organization that asked for more and we just had to keep the numbers at the status quo.

Mr. Bynum: It is a difficult year. I just want to say that for non-profits even though these funds are not very big for any of them, non-profits work on grants. So these are funds that they can kind of fill the *pukas* with and even though they are small amounts they are critically important for these organizations. KPAA to me is a different thing because this is supporting community organizations and KPAA does a lot of give-back work for us, right? This fund...they do are our indicators and they are one of the best consultants I know. You were on the original board, Mayor. I would hope we could maintain that, because it falls into that penny wise / pound foolish category. In terms of the other ones on this list, thank you for maintaining them and I support them.

Mr. Rapozo: Just for your information, that did not change from last year. That is the same amount. I am not sure if you got this from our Staff, but it shows the variances. So if you take a look you can follow along. There have actually been quite a few reductions in the "Special Projects" this year. And of course, there have been some increases as well.

Ms. Nakamura: You are right, Councilmember Bynum. The quality of the indicators report is something that we appreciate and we think it is an asset for not just the County, but for a lot of different groups on this island.

Mr. Bynum: Well, if I just focus on that, I agree with you. It is just something that we have to have. We have to continue it. It is part of how we do business now. It has to maintain its quality and if it is being produced for \$25,000 that is amazing because I know a lot of effort goes into that. I wanted to make that distinction that that I want to support these groups because I understand how critical it is and it is not a lot of money in the bigger scheme of things, but KPAA, I see in a different category than the others on that list, because it is almost a fee-for-service thing where we are getting a really good product for it.

Mr. Rapozo: Thank you. Also, like Red Cross, there was a time we were giving them \$25,000. That has been decreased and if you look at the work that they do when they respond to a house fire and respond to a disaster and respond to flooding and giving out gift cards so people can buy their food, that comes out of their

pocket, not ours. It is just one of those things you wish that we did not have to fund, but then again, definitely the return on investment is great. Mr. Chair?

Chair Furfaro: I just want to talk about Red Cross again. I want to remind everybody that these are in many terms considered our first-responders. They are not a government agency and they do provide the services that quite frankly, Mr. Rapozo summarized. I do not think there is say a government agency in any one of the 1,842 counties if I got that number right, across the United States that does not put some grant money aside for Red Cross. Secondly, I want to thank you for acknowledging the Staff and everyone. The document that Mr. Rapozo put together was the variance report that our Staff puts together to see what the variances are. Thank you.

Mr. Rapozo: Thank you. Councilmember Yukimura.

Ms. Yukimura: American Red Cross, KPAA, and there was one more. They are sort of like related to our core functions like Civil Defense and Planning. On a case-by-case basis KPAA has received moneys in Economic Development for certain Economic Development initiatives. To my question, your Youth Work Program is showing a budget that is double. I wondered what the rationale is for that.

Mr. Rapozo: Which one are you on, Councilmember Yukimura?

Ms. Nakamura: We are now on page number 6 is what I am looking at.

Mr. Rapozo: It would be on page 6. Are you talking about the summer interns?

Ms. Nakamura: Yes, page 6. Between 5 and 6. Yes we are looking at increasing the wage and hourly pay from \$12,000 to \$24,000. Previously we were able to serve 8-12 students and with the proposed increase it is 17-19 students. This would be a placement of students in County Departments. That is one of the scenarios and the other one is placing them in partnership with the private sector. We just believe in the work experience, helping kids to make connections with the County, with the private sector, and to gain summer youth experience helps them in their career paths. Making connections and hopefully staying on Kaua'i once they get out of school.

Ms. Yukimura: I can see the County doing it, but the private sector is not able to support summer interns?

Mayor Carvalho: Well, we do a cost-share, half/half. The employer pays half and we pay half and we share the cost. Of course the in-house Departmental summer-hire or intern, we pay in full.

Ms. Yukimura: The private sector has been done or is this a proposed addition?

Ms. Nakamura: I believe last year there were three private business placements.

Ms. Yukimura: So you are not increasing the salary, but you are increasing the number of students?

Ms. Nakamura: That is the idea is to try to reach more students through this program.

Ms. Yukimura: So what is the plan for the division between public and private?

Ms. Nakamura: So last year, my understanding was there were about three private and I guess the balance 7-10 in-house. I am not sure what the future plan would be but I think we would try to continue with the three private businesses or expand that and do the rest in-house. But try to target 17-19 students total.

Ms. Yukimura: Okay. Thank you.

Mr. Rapozo: Thank you. Any further questions on the Youth Work Program? My son participated in the Program with the Fire Department and quite the opposite occurred. He went to Oregon and did not want to come back.

Ms. Nakamura: He is not the poster boy for this program.

Mr. Rapozo: Any other questions? Any other general questions as far as the Mayor's Office budget is concerned? What I want to do now is while everybody is thinking about their questions, Steve if you could go over the...Mr. Chair I am not sure if you were in here when they passed out the Fitch....

Chair Furfaro: Actually, I had a copy when it first came in because I was part of the Bond Counsel that went to San Francisco.

Mr. Rapozo: I did ask Steve to brief the Council.

Chair Furfaro: I think it is good that we do that.

Mr. Rapozo: Okay, Steve.

Mr. Hunt: Thank you. As you know it is not just the Council and the Administration discussing the budget. We have other partners that are looking...partners are taxpayers and our partners are bond rating agencies. When we take out general obligation bonds we have to provide copies of our annual Comprehensive Annual Financial Report (CAFR) to those rating agencies and based on the changes from year-to-year, they take a look at those and come back with questions. This was a sort of a pre-questionnaire that I received yesterday for a conference call we are going to have on Tuesday and it is related to the Fiscal Year 2013 CAFR, but speaks to the Fiscal Year 2014 and 2015 budget. The questions that are asked are very pointed and are very germane as to where we place our funds and the efforts that we take to achieve a sustainable budget. In general they talk about questions as it relates to the economy, how our real estate market is doing, growth, has there been any impediments to growing or anything in Planning to restrict that base and growth? How our visitor industry is doing and how our economy is doing in general? Again, whether there are impacts from sequestration or any potential military cuts that would affect our island? They are also talking about concerns of



whether there might be negative impacts or repercussions from limiting pesticide use or genetically modified organisms (GMO) crops. In finances, they have noticed diminished General Fund balances since 2010 and what we are doing to try to maintain those balances. Whether we are looking at any kind of multi-year financial plan? Looking at again our revenue...many of the questions that are coming up today are also being asked by outside agencies. Noticing our revenue declines have been averaging 2.8% over the past five years while our expenditures have been on a growth of 3% a year. In 2013 the general budget and how much to expect from taxes and TAT and revenues? How we are tracking versus budgeted estimates since 2013? Discussing labor agreements and how they impact the County and what those impacts could mean for Fiscal Year 2015 and beyond? How will the County balance the Fiscal Year 2015 budget if proposed fees and tax increases are not implemented? Has the County had any success in shifting costs to the Golf Fund, Sewer Fund, and Solid Waste Disposal Fund, etc. from the General Fund? Does the County have any sources outside of the General Fund that could be transferred to other funds to boost the balances or support liquidity? In the management area, has there been any changes to the County's management or elected officials? Are there any legislative developments that we should be aware of? Have there been any proposals made to extend the cap on the County's TAT revenue? Does the County have material contingent liabilities? And then on long-term debt, does the County have any plan for new debt issuances? What are your major capital needs and expectations for cost increases related to pensions and have any pension rate increases been approved beyond 2015? Will the County fund its OPEB annual required contribution (ARC) in Fiscal Year 2014 and what your expectations and beyond? Many of these discussions we are actually have now and this is again from an outside rating agency having some of the same concerns.

Mr. Rapozo: Gosh, it seems like they were present in these Council Chambers for the past year.

Mr. Hunt: And in my office.

Mr. Rapozo: Mr. Bynum.

Mr. Bynum: Thank you for presenting this. I am laughing because Steve and I were having a talk this week about our 2008 bond presentation, which I have a copy of and I can show everyone and what the County was saying now. I said what would the rating agencies say about our performance since? Because we both know that we are going to have uncomfortable questions and here they are. The key one being...some of these we can answer right now, because we have the budget proposal. Are we going to further tap our surplus for this fiscal year? Yes. That is your proposal. Have we increased taxes in this year? Well, we are proposing to. Have you done the fees? Have you made the transfer to use fees where they are appropriate? The Council has rejected those for the last two years. We have got to give these answers straight up. This could cost us a lot of money in the long run. So thanks for sharing this. But the answers are scary. Now I intend to answer some of these questions. Do we have a five-year plan? We will before the end of this budget. We will. We will have an answer from some Councilmembers of what we should do over five years to rectify this. I think you will agree some of those plans and especially if we work on them collaboratively. Because we both want to answer these questions as best as we possibly can. The budget that just got presented, these people are not going to be happy with some of those answers, right? So this is a great timing for this. It is great to have this overlay our budget decisions. What they look at is that chart I pass out six times a year, CAFR numbers. What we actually did? Look at what we told them we were going to do in 2008 and what we actually did. It is fascinating story, but

having said all of that and having it be worrisome and cumbersome, as I said earlier, since this last two years with Steve as Finance Director, the Mayor has changed his position on a number of things and he has empowered that great budget team that has done all of these things to make our budget tight. These questions are do you have funds over here in Solid Waste that you could maybe use for the General Fund? Well three years ago, the answer could have been yes. Because they look at our CAFR and they say there is too much money in the Solid Waste Disposal Fund. We fixes those problems and have some good answers. Thank you.

Mr. Rapozo:

Mr. Hooser.

Mr. Hooser:

This is a telephone conference call scheduled for?

Mr. Hunt:

Tuesday, April 1<sup>st</sup>, at 8:00 a.m.

Mr. Hooser:

Who will be on the call?

Mr. Hunt: Our County Treasurer, Dave Spanski, Central Accountant, Renee Yadao, and our Budget Analysts, and myself.

Mr. Hooser:  
questions also?

I assume you will have written answers to these

Mr. Hunt: We are preparing to respond to them to get the answers before, but they are not requiring written answers. These are questions that they will go over on the phone call and it will probably be back and forth explanations beyond the response we will give.

Mr. Hooser: I think it would be useful for the Council to have these responses as well. I believe that would be useful information. Will we be able to have those?

Mr. Hunt: As we work on responses and after the phone call, what transpires from that, we can create a log for you.

Mr. Hooser: The only suggestion that I have that obviously jumps out at me is for question number 4, to what extent is the County concerned about economic impacts from limited pesticide use? I would encourage you to bring up possible negative consequences from environmental and health impacts. So there are implications on either side. It is the whole triple-bottom line, talking about sustainability and the importance of protecting health and the environmental. So those are also value factors that I would think would be important to protecting our economy as well. Just a suggestion. Thank you.

Mr. Rapozo: Mr. Hooser, I just had one question, you said at 8:00 a.m. Is that Pacific Time, four hours or three?

Mr. Hunt: It is actually scheduled at 9:00 a.m. This is the original correspondence which since then...we said we could not meet then because of budget and since then we changed the meeting to Tuesday, April 1<sup>st</sup>, at 8:00 a.m. It is a one-hour conference call.

Mr. Rapozo: Is someone from our office, Mr. Chair going to be on that call?

Chair Furfaro: Well, I think that is a good question. I would say at this point in time I have more to contribute in front of all of you before we answer that. This is not a requirement to respond other than the conference call, but I would hope before we actually put a document to bed, it is participated with all of us.

Mr. Rapozo: Councilmember Yukimura and then  
Councilmember Bynum.

Chair Furfaro: I did not have any statements. I was just answering you.

Mr. Rapozo: Go ahead, Councilmember Yukimura.

Ms. Yukimura: Just a follow-up.

Mr. Rapozo: Everybody is generous today, go ahead, Mr.  
Chair.

Chair Furfaro: Well I am glad to see we are starting that way. Steve I want to make sure that we buy some time with a written response to the Bond Counsel here, based on the fact that much of what we discuss the next three weeks will give us support documents. For example, I have been working with Mr. Costa, Ian with Parks and Lenny and so forth about a pricing plan for the Wailua Golf Course. We all know that the Wailua Golf Course is a golf course that does tax our income. And yet, when we compare it across the County, you pay a \$21 rate at any of the four municipal courses in Honolulu, and that is per round and here our situation is one where we let them buy a membership card, giving them unlimited usage, and it affects our ability to offset our costs, but we have to have a healthy discussion at budget time about that. I would like to just say that the answer to the Wailua Golf Course is not a simple one. It needs to be supported to the Bond Counsel with the pricing plan. We also have situations that we have to document over the last couple of years where we have not had increases on other properties. We do know the fact that the cost index for whether it is just operating government has gone up 3.1%. But our agricultural lands have not moved and I think Mr. Hooser and Mr. Bynum have brought that up before. Do we have a strategy that addresses some of that? We need to have a real discussion at budget time, before we can get to the particular answers here. But what is in these questions are what I talked about earlier on, with our strengths and our weaknesses and they are pointing out some of the weaknesses here. We also need to tell them our visitor industry is different than the other islands because we have an approach to controlling future growth of the inventories. Which ultimately is in a philosophy, is not in a law, but we have not resolved it yet because it was kind of kicked out of court and we need to have that discussion, so that we know how to answer that piece. You control the inventory, obviously we hold our occupancies will not drop off equal to what is happening across the State. We need to have some discussion to them about the new markets that are being found that will go to the other counties first, I believe. But may actually push some more west bound visitors our way. We need to have quick discussion on that, with some research to support it from the farm community, from the visitor industry, etc. So these are not answers that are simply over the telephone with your staff. We need to have a policy statement that deals with how are we rebuilding the Reserve? Although JoAnn suggested having this long-term strategy, I suggested at minimum we

should have a strategy on how we are planning to replenish our emergency funds and that needs to be in a document to them. So there is a series of categories that need position statements, not just simply yes, we acknowledge you, we agree with you and so forth, but position statements on what we are going to do with the Golf Course. What we are going to do with the payroll controls. The short-term position that we have taken on OPEB and so forth. Because we do have excellent credit ratings that we want to maintain. But we need to be very careful on how we frame the final answers. And when we do go the next time to fund a bond, those are the same answers that we need to be able to say this is what we are doing as we pointed out to you as far as managing our financial resources.

Mr. Rapozo: Thank you, Mr. Chair. Councilmember Yukimura.

Ms. Yukimura: Regarding the Fitch ratings questions, just to add on to Councilmember Hooser's point about question number 4 on the repercussions from efforts to limit pesticide use or GMO crops. One thing you could say is that it has given an increased focus to the revenues that are gotten from these crops and that we have found more property taxes in the process to give a positive spin to it. Then I want to really highlight question number 12 about shifting costs for these special funds of Golf, Sewer, and Solid Waste that are drawing so much of general taxpayer money and I do not know why they did not talk about our roads, too. But I really think that is one of the areas that we have to focus on and be creative about and the Chair has certainly highlighted the Golf Course issue. So I think that is one and Solid Waste which is drawing \$6-8 million right now from our General Fund. So I want to do that and then I have a question. Question number 16, does the County have any material contingent liabilities? What exactly does that mean?

Mr. Hunt: These are booked liabilities that we are not currently funding and an example would be the closure of the landfill. We have some funding, but not the full funding and the unfunded portion gets booked as a contingent liability until such time it is funded. At one time, when the Puhi Metals issue went down, but now we have moneys actually in the budget to pay for that. Anything that is not in the budget, but is an ongoing liability....the short funding of OPEB will go down in that category.

Chair Furfaro: So excuse me if I may add to that. So Joann, in my opening statement, we have to understand that our first priority in the surplus money is to go to the OPEB. We also have to understand that we have money being put aside every year for the landfill closure and it is continually showing up in our budget. They have to be complete answers in that sense. Thank you for letting me add that JoAnn.

Ms. Yukimura: Thank you. So the risk and potential liability of the Adolescent Drug Treatment Center is that a contingent liability?

Mr. Hunt: It is not booked yet.

Ms. Yukimura: But once we build it?

Mr. Hunt: I do not know if that would be considered a contingent liability. It is a business risk more than a contingent liability. Contingent liability is more for instance as the Chair brought out in his opening presentation that the research on the perforations to the landfill turned out to be something more, then we would

have to recognize it at that time and say there is going to be some clean-up that would be involved. That would be booked as a contingent liability because we did not fund it, but without knowing it, it is difficult to book.

Ms. Yukimura: So it is kind of a known, but uncertain quantity of the risk?

Mr. Hunt: Yes.

Ms. Yukimura: Like the landfill you know it is coming, but you do not know how much exactly.

Mr. Hunt: Once it is known then you book it as a contingent liability. Until you know the amount, you are actually "guesstimating" what that actual amount is...until you get further along to do either informational studies or remedial efforts to take care of that.

Ms. Yukimura: May I go on?

Mr. Rapozo: It will be an unfunded liability, pretty much, right?

Ms. Yukimura: Number 19 OPEB ARC, what is "ARC?"

Mr. Hunt: That is the annual required contribution. Thank you. That is the actuarial payment that catches up our unfunded portion.

Chair Furfaro: Thank you, Scott.

Ms. Yukimura: We have been...I mean I see annual required contribution.

Mr. Hunt: The payments that go into the EUTF are twofold. One is your current and one is your catch-up. The catch-up is the ARC.

Ms. Yukimura: Which for us is non-existent until we...until this year's budget?

Mr. Hunt: Right. For instance we will make a payment on the Fiscal 2014 budget at the end of the year, usually in June or Period 13, July...when we actually make that payment. So we will still be paying Fiscal Year 2014 and then the Fiscal Year 2015 which is the one that we are talking about short funding will not be paid until that following year.

Ms. Yukimura: So what it is due, but not paid?

Mr. Hunt: Yes.

Ms. Yukimura: Okay. Thank you very much.

Mr. Rapozo: Mr. Bynum.

Mr. Bynum: A follow-up on all of those questions, starting with number 4?

Mr. Bynum: The way I would read it...this is the elephant in the room for the next six months. And I have been work on these economic impacts of land use changes. So the way this needs to be framed is a little more sophisticated, which is that County has suffered negative economic repercussions from failing to manage the transition from production agriculture to research agriculture. I know we have suffered great economic impact on that and continue to. So we can talk more about that. The Pesticide Law is the first step in correcting that inadequate response. The other one, will the County...how will the County balance it's 2015 budget if proposed fee and tax increases are not enacted? I mean they have people who are watching this and now that you have made efforts to increase fees. That they have not succeeded, right? So there is really no way to answer this question, is there? I mean it is kind of an open-ended question, is it not? It is it kind of a rhetorical question from them?

Mr. Hunt: To the extent that we are in discussion now it is difficult to answer until we know the outcome. Obviously, if the fees and taxes are not approved and enacted then there are budget adjustments.

Mr. Bynum: Is it fair to say that the tone here is that they are encouraging user fees and to not subsidize these funds?

Mr. Hunt: I cannot get in their mind, but certainly the questions being asked around that question is what can you do to preserve your General Fund and likely build your Committed and Unassigned Fund Balances?

Mr. Bynum: You will have to tell them...you are going to have to tell them no, you have had no success. You have tried and the Council has rejected it repeatedly, correct?

Mr. Hunt: Well, I do not recall Golf or Sewer coming before the Council, but on Solid Waste, that would be correct. Sewer actually was passed in the multi-year plan.

Mr. Bynum: Does the County have sources outside of the General Fund? No, because you have done a good job of budgeting. Any changes in the fiscal management or elected officials? Yes, a lot and largely I think it is good news. We have a Finance Director that has changed and a Managing Director who provided good leadership on this side and they should see that as an asset which proffers collaboration. It has increased our leadership, the quality of our leadership. Does the County have any plans for new debt? Maybe that is a question we should all ask ourselves. Thank you. This is so timely because we do answer to just more than the taxpayers and to our employees and to ourselves. We answer to this larger picture and basically they are going to say wow, County, six or eight years ago we were saying you were holding too much cash and we said we are committed to a solid budget and we will do the tax increases...I will show you the PowerPoint. This is what we told them, right? That is what they are going to be contrasting, what they were told in 2008, the last time we had a real review and what they are told now, correct?

Mr. Hunt: Yes. To the extent that we look at this document and as we go through the budget, much like JoAnn had a wish-list and Council Chair had a

happy-face list, this is their list that they want to see and they are looking at fund balances primarily and sustainability and revenues, and expenditures coming into line. To the extent that they are most concerned about Unassigned Fund Balance and Committed Reserve balances and I know we have the discussion coming up on Public Access, Open Space and Natural Resources Preservation Fund and whether that becomes a short-term or longer commitment. But from their eyes they are look at because of the restrictions on those funds, they are looking at what can be used for the budget.

Mr. Bynum: Right. They are finance guys. They do not care about us putting aside moneys for open space. That is a value that we have. These guys do not have that value. To them...putting that money away is a waste, because they could use it for something else. I have two more things and then I am done. First, I like the idea of our Council Chair, Finance Chair sitting in on this call, but that would be a request. This is the Administration's responsibility. I do not think we can impose that on you. I think it might be a good idea and the Council Chair would be a logical choice. So I would make that and acknowledge it is a request and this is your *kuleana*. If you choose to include us, it is a choice you have made. I think I forgot the last one.

Mr. Rapozo: Mr. Chock.

Mr. Bynum: I am sorry, I do remember...these guys set the percentage rate at which we can borrow money, right? What is our current rate? A2?

Mr. Hunt: We are AA on Fitch. There is Fitch, Moody's and Standard & Poor.

Mr. Bynum: To move down even one notch, and we may move down more than that with this record, what is the impact on our borrowing if we borrow \$60 million, what does the one-point deduction cost us?

Mr. Hunt: It gets priced in with the issuance. I could not tell you exactly.

Mr. Bynum: It is a lot.

Mr. Hunt: It reflects both your capacity to borrow and how much they are willing to lend you, as well as the interest rate and I do not know what the differential is.

Mr. Bynum: We have huge headroom on capacity, right? We are not over borrowed as a municipality.

Mr. Hunt: As long as we can identify the debt service.

Mr. Bynum: Right. I am just saying on that equation...

Mr. Hunt: Yes.

Mr. Bynum: They are not going to be worried about how much, we are going to be more worried about what percentage. Right. So they do not care about our bigger social issues, but they have a lot of influence on our future. Right? Thank you.

Mr. Rapozo:

Mr. Chock.

Mr. Chock: I just wanted to clarify...I think what I heard the Chair ask was for maybe a deferral on the phone call...I was not sure if that was something feasible?

Mr. Hunt: They have their own ratings deadlines. It is not up to us.

Mr. Chock: Because I was looking at these are budget questions that could be vetted and answered better if we had the time.

Mr. Hunt: I think that is the response. This is something that is being discussed at budget and what is on the table at this time.

Mr. Rapozo:

Mr. Chair.

Chair Furfaro: I want to remind you that the descriptive adjective to describe you was our "stunning Finance Director." I want to say when you talk to these guys let us put some window dressing on our situation, if you are so stunning. I would like to request a couple of additional items and could you plan and maybe meet with our Treasurer, could you give us the most current copy of our debt service that is kind of tied into Mr. Bynum's question about our current policy? Because I think if I remember right, the next two years or so, I think we actually have a bump in our debt service. But if you can give us something more critical? Also, when I am talking about putting some polish on the verbal conversation you are having with them, even though these finance-type guys do not like to hear about the money we have for the Open Space Commission, no matter how you look at it, it is at the cash asset and has to be expressed, putting window dressing on this, as well as all of the things that the Mayor and his Departments have accomplished on our facilities. So some of our Reserve has been depleted and so forth, but we have got a better building in the pools area and we have a better building in the stadiums. I think it is good to put some window-dressing on those things too. The money is spent, but we have measurable fixed assets that have also improved in value. Part of their evaluation is about really the value of the corporation called the County of Kaua'i. So if we can make sure some of that is in there.

Mr. Hunt: Some of the window-dressing instead of saying the "money is spent," I can say that "the money is invested."

Chair Furfaro: That is exactly what I am saying. The money was invested and we have a new facade on how we look, especially if we put ourselves out there was a "stunning" Finance Department. Do not forget to do some of that, too. Again, my comments are at some point we are going to have to write to them on these particular items and I would like to include some of our strategies for Golf and so forth as part of that picture. Thank you, Mr. Rapozo.

Mr. Rapozo: Thank you. I just want to, because I have not said anything in a while. I do want to just address a couple of things. I think this to me is like almost like a warning letter. You know? And I am not so sure that they do not know the answers to these questions already. So no sense going up there to try to paint a picture that is not accurate. Because I think I got to believe that they are probably pretty familiar



or it would not take much to find out the local, residential, and real estate markets on Kaua'i. I do not think it is hard to figure that out. How would you characterize the status of the visitor industry? I do not think that is difficult to find out. These guys are financial people. I think they know. But what I do know that they will compare our answers to this, if there is of a time we go for another bond issue they will compare to what was said on Tuesday to what is actually happening. I did want to touch on question number 4 because this says to what extent is the County concerned about negative impact repercussions from efforts to limit the pesticide use? I think they need to understand that there is no effort to limit the pesticide use, the effort was to provide buffer zones and disclosure. On the Big Island, I think, this would apply to the Big Island, what they are trying to do. What concerns me the most is question number 6, with annual revenue declines averaging 2.8% over the past five years and annual expenditure growth of 3%, the County General Fund appears to be structurally unbalanced. I think that was the word we were trying to find this morning and Mr. Hooser you hit this earlier today. Did you see this before you spoke today? You are brilliant. I know that if...and regardless of what your rating and believe it or not I sold cars for a year and a half a long time ago, and somebody could have a 780 credit score because of the ability to pay and that is all. They maintain and pay their bills, minimum amount due and they pay and they come in and try to buy a car or truck and when you look at their paycheck stubs and notice there was a decline in the pay, and an increase in their bills, just because of the credit score has not caught up to them yet they do not have the ability to pay. Meaning that you cannot buy the truck that you wanted or you pay a higher interest rate and so forth and I think that this is what this is preparing us for and it is kind of scary, whether I read this stuff. But it is reality and I am glad you brought up this, because I think the public needs to understand that we are having hard times.

Mr. Hunt: Committee Vice Chair, if I could respond on question number 6, this is in the context of the 2013 CAFR, not 2014. We have two cycles. We are in 2014. Maybe they have taken a look at the budget but they do not know where we are.

Mr. Rapozo: What does 2014 look like?

Mr. Hunt: We made some structural enhancements and made some major changes. We actually got away from using Unappropriated Surplus and only using fund balances which is a major structural change to the good. We have also increased property taxes and other fees in some areas to generate about \$11 million in new revenue. So we have made steps between what they saw and where we are today. We are attempting to make more steps in that direction, but it is a gradual...you know, we cannot adjust our budget all-in-one year.

Mr. Rapozo: They are looking at a five-year window.

Mr. Hunt: Five years up to 2013, correct.

Mr. Rapozo: Let us say you go five years. I do not know if we would see much different in the 2.8 and 3. I do not know. I do not think so. The last chart you provided to us here when you showed expenditures versus revenue that was presented a few weeks ago.

Mr. Hunt: But our revenue is actually up in Fiscal 2014 relative to Fiscal 2013. A lot more than 2.8.

Mr. Rapozo: That is my point. We have not raised more revenue and reduced expenditures at a level that you will change the ratio.

Mr. Hunt: We are not structurally sound yet.

Mr. Rapozo: Okay.

Mr. Hunt: Yes. We are not sustainable yet.

Mr. Rapozo: Mr. Chair then Councilmember Yukimura.

Chair Furfaro: I just want to make sure that you understood my points. This sometimes is hard for local guys to do, because a lot of times we are pretty humble about things, but I want to make sure that you understood my points. The information that we give them has to be accurate. Okay? But there are some good stories in there. You just reflected on our ability to increase revenue sources and so forth. But I also want to remind all of us, before we crawl under our blanket and so forth, these bond companies are going through this across the nation right now, okay? I mean the Feds, the states, the counties, the city municipalities, you know? This is challenging times for everybody and they are doing their work in the sense of they are trying to get a temperature of each of their accounts. But please make sure we are talking accurate information, but do not be shy about the improvements we have made to our assets. Thank you, Mr. Rapozo.

Mr. Rapozo: Councilmember Yukimura, Mr. Hooser, and Mr. Bynum.

Ms. Yukimura: I agree with the Chair that we should be telling our positive stories because I think there are, in fact, many. But do not tell them about our roads.

Mr. Hunt: Do not tell them about our roads?

Ms. Yukimura: Our \$100 million liability.

Chair Furfaro: Our \$100 million report.

Ms. Yukimura: You can put it however you want to, but the material contingent liability is that our roads?

Mr. Hunt: No, it is not. It is a requirement mandated, regulated however you want to call it, it is a requirement, fixing our roads is nice. We should be doing it, but it is not a requirement that anyone is going to hold us up to saying that you are breaking the law by not doing this.

Mr. Rapozo: Councilmember Yukimura, I do not know if you know who Steven Walsh is, he is the Director of the Public Finance at Fitch rating and he is watching this live right now on the stream.

Ms. Yukimura: Well, he heard me say this before. We are not hiding anything, are we? But is this not something that they would look at, too? Otherwise do not worry about not telling them then. So the other question is, I know you have not

been here for a long time, certainly not as long as the Chair or me, but it seems to me that the questions are being asked more pointedly since kinds of crashes we have gone through in the last decade, do you think that is true?

Mr. Hunt: I do not think it is related to the crashes. Again, they get an annual report, the CAFR from us and they monitor that. When they saw fund balances, General Fund balances going from \$68 million down to \$33 million....it is a concern for them. They want to see stability in fund balance and in particular the Committed Reserve and the Unassigned Fund Balance, which is what we can tap at any time if there were emergencies or disasters, things that we can tap that are not restricted funds, they look at that.

Ms. Yukimura: Do you think that was the main trigger for the question?

Mr. Hunt: These come annually, these surveys. It is not a flashpoint of something that caused this. This is just something that they go through their normal reevaluation. I got a phone call probably four months ago and answered some of the questions just on the fly that came up. They were debating whether they were going to take it to committee or just do a cursory review and I think believe with that agency they did not need to take it further, but Fitch has put it in writing and we have a follow-up call on Tuesday.

Ms. Yukimura: So it is Moody, Fitch, and what other?

Mr. Hunt: Standard & Poor.

Ms. Yukimura: Which ones do we have AA on?

Mr. Hunt: One of them is A2, but I am not sure of which one exactly.

Ms. Yukimura: Thank you.

Mr. Rapozo: Mr. Hooser.

Mr. Hooser: Thank you, Director, of course we were just joking and expect you to be truly transparent and forth right with the bond-rating agencies. In terms of timing do they set these grades at a certain time every year or just whenever they feel like it? If we expected an adjustment, when would that come?

Mr. Hunt: They do an annual review and it is based on the review that triggers the more in-depth look, I guess. So if they have concerns that are not being addressed from prior-year answers, that probably leads to more of a going to what they call a "committee review" to decide whether or not they are going to downgrade our rating.

Mr. Hooser: So the conversation scheduled for April 9.

Mr. Hunt: It is the 1st, Tuesday.

Mr. Hooser: When would the next be?

Mr. Hunt: It would be based on what the responses are and our conversation on Tuesday to determine whether further action is going to be taken at all. Sometimes if you provide the answers saying these are the revenues that we have raised and the structural fixes that we are working on, you know, and some people, again, like the Big Island has had this where they have not funded their OPEB for a number of years. Again their concern is more again the Unassigned Fund Balance and having liquidity than it is funding their obligations and we have chosen a different tact, which is funding our obligations. So if it is a short-term and we are working on a longer term fix that involves revenue and expenditure cuts and structural changes. As long as we are working towards that end, it may not mean anything. It may just mean, how are you performing, where are you at today, and if we are meeting where we said we were from the prior year it is probably not going to trigger anything.

Mr. Hooser: Where is the point as to whether we passed the test, or...a week, six months?

Mr. Hunt: Depending from the conversation, I may know from the conversation, based on the answers and what your CAFR reflects, we will take this to committee and then we will find out and I do not know what that answer is.

Mr. Hooser: So that is what we do not want to happen, right? We do not want it to go to committee?

Mr. Hunt: Preferably, yes. I can answer...Moody's is the Aa2 and Standard & Poor is AA, and Fitch as well.

Mr. Rapozo: Thank you, Scott.

Mr. Hooser: Our existing bonds that we have already floated or purchased, whatever the right term is, those are fixed-rate instruments?

Mr. Hunt: Yes.

Mr. Hooser: So any change in the rating would not affect exiting debt?

Mr. Hunt: Not to my knowledge. I think it is for future issuances, new debt.

Mr. Hooser: We talked about the Health Fund and short-funding it several times. We have talked in the same conversation, often about the TAT. If the TAT is funded, so is there a commitment from the Administration? Because I kind of heard we will do our best or we will fully consider. Is there a commitment from the Administration that if the TAT goes through, that would be your number 1 preference?

Mr. Hunt: As Finance Director that is my number 1 preference/obligation first to take care of the unfunded OPEB.

Mr. Hooser: So some of the language was a little bit left it open. Thank you. Thank you, Chair.

Mr. Rapozo: Mr. Bynum.

Mr. Bynum: Does that opinion about fulfilling obligations include the Open Space Fund? You just gave your position as Finance Director, obligations first, does that include the Open Space Fund?

Mr. Hunt: Above OPEB or shortly after OPEB?

Mr. Bynum: Well, that is an obligation that you are suggesting that we do not fully fund this year?

Mr. Hunt: Well, again, in that particular one it is dependent on the amendment to the Ordinance.

Mr. Bynum: That is okay. I have to ask the question and if it is a dig, I apologize. When you are answering these questions, especially the one that says how the County balances its budget, would it not be nice if next week, you could say that prior to us having this conversation, the Council increased the tipping fee and vehicle weight tax. They are committed to this issue. Would it not help you in that call next week?

Mr. Hunt: It would certainly help me address some of the questions.

Mr. Bynum: It would signal intent from the Council, right?

Mr. Hunt: Correct.

Ms. Yukimura: Tell them we passed it on first reading.

Mr. Rapozo: Any other questions regarding Fitch, the Fitch ratings? If not we will go back to the budget. Any further questions? Mr. Chair?

Chair Furfaro: Not a question, I just want to make a statement that we do have 45 minutes left for today's agenda, but it is moved along quite adequately. But I just wanted to point that out to everybody.

Mr. Rapozo: No more questions? Any closing comments?

Mayor Carvalho: Just in closing, thank you Councilmembers for the dialogue back and forth and we look forward to the upcoming discussions and aggressive schedule. I look forward for you being on the call, Mr. Chair.

Mr. Rapozo: It is a lot easier when you do not have money.

Ms. Yukimura: I have one?

Mr. Rapozo: Councilmember Yukimura.

Ms. Yukimura: I would like to ask a call-back be scheduled to have the Life's Choices Coordinator here to discuss the results or progress on our Drug Plan.

Mayor Carvalho: Is that the same as what you said the 25<sup>th</sup>?

Ms. Yukimura: No, that is the Adolescent Drug Treatment Center. The Life's Choices program is in the budget here, so I would like to know that.

Mr. Rapozo: That would be up to the Chair.

Chair Furfaro: I am going say right now we will fill in our first open date of April 21<sup>st</sup> for that. So if you could put that under your bonnet and think about it, I will go back and check the schedule.

Mr. Rapozo: Really, I just want to make sure that the public understands that Theresa is at the Summit today. I know it was said earlier, but I want to make it clear that she is not here today because she is taking care of the two-day Summit and maybe a two and a half day Summit, I believe. So unfortunately she could not be here.

Mr. Hooser: I am not sure if it is a question to be asked now. In terms of vacancies, will we have a discussion on vacancies by Department?

Chair Furfaro: I have sent a directive to HR, when they come to make a presentation to give us a complete list of all vacancies. That is how I was going to approach it.

Mr. Hooser: So if we have a question about a vacancy in the Office, and how it impacts them, are there any vacancies in the Mayor's Office?

Ms. Nakamura: No.

Mr. Hooser: Do you anticipate any vacancies?

Mayor Carvalho: No.

Mr. Hooser: Thank you. That was easy.

Mr. Rapozo: That was.

Chair Furfaro: Well, I am open if you want to modify that request. I did put that request in for HR to give us an overview of the entire operations.

Mr. Hooser: I think it is important to have, Chair. Also as the Departments come up, to see how they are impacted if they do have vacancies would be good questions.

Mr. Rapozo: Will we get a report back?

Chair Furfaro: Yes. They are going to...they have been asked to prepare it, share it with me, and I will disseminate it. I think we have that set for April 15<sup>th</sup>.

Mayor Carvalho: You mean the HR presentation?

Chair Furfaro: Yes. As soon as I have reviewed it I will be distributing it.

Mr. Rapozo: Mr. Chock?

Mr. Chock: Just one more clarification from Steve and the priorities of funding from the TAT and I believe you mentioned we would be funding it in its entirety with the lower percentage if it goes through. Can you tell me the difference in that? Because we are talking about additional priorities and what the actual figures are?

Mr. Hunt: I cannot give you an actual because it is based on hotel revenues which are known after the fact. Based on the most recent closed fiscal, applying the 7.25% would roughly be about \$5.279 million and I believe it is slightly between \$10 million and \$10.1 million at the 9.25% and the OPEB obligation is \$4,531,000 and change. So it would give us at the five-ish million a little cushion. Yes.

Chair Furfaro: My number is a little different in my presentation this morning, but you will find a 4.4 number in my presentation, but we are close.

Mr. Rapozo: Any other questions for the Administration if not, I cannot stop thinking about people on the mainland that win the lottery and get \$300 million, \$400 million, and like more than our whole budget. I was just thinking about that, yay, and oh, man we are trying to pinch pennies, maybe we should just invest \$100,000 in some lottery tickets in Minnesota or California. Any other closing comment as we depart here? Mr. Chair?

Chair Furfaro: I want to say that I appreciate the Mayor and the whole staff being present today and the tone that was set today and to carry that out. I will tell you at 65 sometimes it gets exhausting to run an entire meeting yesterday and run an entire meeting again today and then look forward to running five meetings for a whole week. So periodically, I will be turning over parts of the meeting to Mr. Rapozo and I want to thank him for his help today.

Mr. Rapozo: My pleasure, Mr. Chair. If there are no other comments, questions, or concerns we will stand in recess until Monday, March 31<sup>st</sup> at 9:00 a.m.

There being no objections, the Committee recessed at 3:52 p.m.